Supreme Court, U.S.
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No. 03 773

In The
Supreme Court of the United States

LARRY GARCIA, dba Healthierlife.Com,

Petitioner,

v.

HORPHAG RESEARCH, LTD.,

Respondent.

On Petition For Writ of Certiorari
To The United States Court of Appeals
For The Ninth Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Petitioner operated several Internet websites that engaged in criticism and comparative advertising directed at a competitor's product. Petitioner hoped his websites would be found by users of Internet search engines looking for information on the object of his criticism and comparison. The Ninth Circuit employed a unique, multi-step approach to find Petitioner liable for trademark infringement. First, the Ninth Circuit affirmed the district court's finding that so-called "initial interest confusion" alone is sufficient to constitute a violation of 15 U.S.C. § 1114. Next, the court held that Petitioner could not avail itself of the "descriptive fair use" defense embodied in 15 U.S.C. § 1115(b)(4). Finally, without noting which section of the Lanham Act empowered it to do so, the Ninth Circuit reversed the burden of proof and compelled Petitioner to prove that he was entitled to make what the Ninth Circuit, alone among the circuits, calls the "nominative fair use" defense.

The questions presented are:

1. Whether, pursuant to the 1962 amendments to the Lanham Act, fleeting "initial interest confusion" is alone sufficient to violate 15 U.S.C. § 1114(a).

2. Whether the Ninth Circuit may reverse the burden of proof in an action under 15 U.S.C. § 1114(1)(a) and compel the defendant to prove that he has not violated § 1114(1)(a), absent a statutory provision authorizing such burden-shifting.

PARTIES TO THE PROCEEDING

All parties are listed in the caption.

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PETITION FOR A WRIT OF CERTIORARI

Larry Garcia respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals, as amended, July 29, 2003 (App., *infra*, 1a), is reported at 337 F.3d 1036. The opinion before amendment, filed May 9, 2003, has been depublished. (App., *infra*, 9a) The opinion of the district court (App., *infra*, 18a) is unpublished.

JURISDICTION

The judgment of the court of appeals was entered on May 9, 2003. The court of appeals denied a timely-filed petition for rehearing on July 23, 2003. (App., *infra*, 52a). On October 16, 2003, Justice O'Connor granted an application to extend the due date for this Petition until November 20, 2003. (App., *infra*, 55a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES AND CONSTITUTIONAL PROVISIONS INVOLVED

The pertinent statutes are reproduced in the Appendix. The statutes involved are 15 U.S.C. § 1114(1)(a) and 15 U.S.C. § 1125(a)(1)(A) and (B).

STATEMENT

This case presents questions of broad practical importance to the interpretation of the Lanham Act, 15 U.S.C. § 1114, in an era when speech and commerce increasingly take place on the Internet. The Ninth Circuit's unique approach to deciding whether comparative advertising in-

volving search engines is permissible threatens to silence all or most such speech.

A. Legal Background

Trademark law is designed to protect consumers from a merchant passing his goods off as another's by use of a confusingly similar mark. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 98 (1918). "The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another." *Hanover Star Milling Co. v. Metcalf,* 240 U.S. 403, 412-13 (1916).

This Court warned as early as 1918 against anticompetitive uses of trademarks:

> The owner of a trademark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly. In truth, a trade-mark confers no monopoly whatever in a proper sense. . . .

United Drug, 248 U.S. at 98. Justice Holmes, writing for this Court in 1924, explained the narrow scope of protection afforded by a trademark:

> It does not confer a right to prohibit the use of the word or words. It is not a copyright. . . . A trade mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product *as his*.

Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924) (emphasis added). The Trademark Act of 1946 (Lanham Act) was intended to codify and unify the common law of trademark protection and unfair competition. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.,* 456 U.S. 844, 861 n.2 (1982).

B. Factual Background

1. In 1969, Dr. Jack Masquelier, a French Pharmacist, discovered a chemical substance with many therapeutic properties. The substance, which Masquelier brought to market in 1978 and 1979 under the name "Pycnogenol," is found in extracts from certain trees and plants. Masquelier has controlled several entities that have distributed and marketed plant extracts for nutritional supplement. On March 30, 1989, one of Masquelier's companies, received a French trademark for PYCNOGENOL.

2. Respondent Horphag is a distributor of nutritional supplements in the United States. Horphag and a predecessor company distributed Pycnogenol for one of Masquelier's companies for several years. In 1990, Horphag applied to register the trademark PYCNOGENOL in the United States. This incited a bitter trademark dispute that lasted more than a decade. Masquelier's companies alleged that Horphag, its erstwhile distributor, fraudulently claimed ownership of the PYCNOGENOL mark, which Masquelier's companies had never assigned to Horphag. *See International Nutrition Co. v. Horphag Research, Ltd.* 220 F.3d 1325 (Fed Cir. 2000) (summarizing history of dispute).

3. Petitioner Larry Garcia is a small businessperson who sold nutritional supplements over the Internet. Mr. Garcia was at one time an authorized retailer of Pycnogenol for Horphag. After Mr. Garcia discovered that Masquelier's product, rather than Horphag's, was the original Pycnogenol, he did further research and learned of the longstanding controversy between Masquelier's companies and Horphag concerning the rights to the PYCNOGENOL mark. Mr. Garcia also learned that the product Horphag sold under the PYCNOGENOL mark differed chemically from the product Masquelier's companies sold in France and other countries under the mark. Furthermore, Mr.

Garcia learned, much of the scientific research supporting the health benefits of Pycnogenol was conducted on Masquelier's preparation, rather than Horphag's.

Disturbed by what he took as Horphag's deception, Mr. Garcia stopped selling Horphag's Pycnogenol in February 1999. Shortly thereafter, Mr. Garcia began to sell the product that Masquelier's companies sold (and sells) in France and other countries under the PYCNOGENOL mark. Because Horphag had improperly obtained registration in the United States for PYCNOGENOL, Dr. Masquelier's companies marketed the "original Pycnogenol" under the registered trademark MASQUELIER'S in the United States.

Mr. Garcia launched several websites that addressed the controversy as to the source and identity of the substances (marketed in the United States as) Pycnogenol and Masquelier's. The websites explained, among other things, that Masquelier's product was called Pycnogenol in certain parts of the world before Horphag's product was called Pycnogenol, that Masquelier's companies owned trademark registrations for PYCNOGENOL in France and several other countries, that Masquelier's companies were forced to sell Masquelier's product in the United States under the MASQUELIER'S mark, and that the product Horphag sold under the PYCNOGENOL mark in the United States was a different preparation than MASQUELIER'S. The websites also explored the dispute over ownership of the PYCNOGENOL mark in the United States. One of the websites Mr. Garcia operated offered MASQUELIER'S for sale and compared it to the product Horphag sells in the United States under the PYCNOGENOL mark.

Mr. Garcia, like anybody engaged in criticism and comparative advertising, wanted to be found by individuals searching for information on the object of his criticism and comparative advertising. Accordingly, Mr. Garcia's websites contained the term "pycnogenol" in their metatags,

which is code within webpages that helps search engines index the pages so that those searching for specific terms can find relevant websites.

C. Proceedings Below

1. Respondent sued Petitioner in 1999 alleging that Petitioner's use of Respondent's PYCNOGENOL mark in the text and metatags of his websites constituted trademark infringement and dilution, false designation of origin, and false advertising, under the Lanham Act and state law. Mr. Garcia, who proceeded *pro se* throughout the trial court proceedings, in turn filed certain counterclaims.

Respondent sought a preliminary injunction against Petitioner, which the trial court (Carter, J.) denied. The court found, among other things, that Mr. Garcia used the term PYCNOGENOL to explain the origin of the word, educate consumers, and distinguish products. (App., infra, 46a). Applying the Ninth Circuit's traditional multi-factor test for likelihood of confusion set forth in *AMF Inc. v Sleekcraft Boats,* 599 F.2d 341,348-49 (9th Cir. 1979),[1] the trial court found no likelihood that Respondent's PYCNOGENOL mark would be confused with Petitioner's MASQUELIER'S mark. Likewise, the court found that the statements on Petitioner's websites concerning Respondent's products were not false or misleading. The court of appeals affirmed the trial court's denial of Respondent's preliminary injunction motion.

The trial court (Phillips, J.) subsequently granted summary judgment to Mr. Garcia with regard to Respondent's

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[1] The *Sleekcraft* test directs the court's attention to the following non-exclusive factors: "(1) strength of the mark (2) proximity of the goods; (3) similarity of the mark, (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark and (8) likelihood of expansion of the product lines." *Sleekcraft*, 599 F.2d at 348-49.

false designation of origin and false advertising claims under 15 U.S.C. § 1125(a). The court noted that the test for trademark infringement and false designation were equivalent:

> The relevant analysis for an infringement action under 15 U.S.C. § 1114 and for an unfair competition action under 15 U.S.C. § 1125 - for which likelihood of confusion is the central element – is functionally the same.

(App., *infra*, 36a). Judge Phillips, applying the *Sleekcraft* factors, found, as Judge Carter had in deciding Respondent's motion for a preliminary injunction, that no likelihood of confusion existed, particularly in light of the PYCNOGENOL and MASQUELIER marks' "entire dissimilar[ity]." (App., *infra*, 37a). The court also observed that Petitioner did not attempt on his commercial website to "create confusion about the origin of the competing products." (App., *infra*, 37a). Likewise, as Judge Carter had in deciding Respondent's motion for a preliminary injunction, Judge Phillips found that no issue of material fact existed as to whether Petitioner's webpages contained anything that was actionably false or misleading.

Judge Phillips viewed Respondent's trademark infringement (§ 1114(1)(a)) claims in a very different light, however. Despite finding that Petitioner's websites created no likelihood of confusion, the court found that the momentary confusion search engine users might experience by visiting Petitioner's website when searching for information on Pycnogenol constituted actionable "initial interest confusion:"

> Initial interest confusion "permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion."

(App., *infra*, 31a-32a) *quoting Interstellar Starship Services, Ltd. v Epix, Inc.*, 184 F.3d 1107, 1109 (9th Cir. 1999). The court dismissed Petitioner's contentions that it should apply the *Sleekcraft* test to Respondent's § 1114(1)(a) claim that Judge Carter had applied to all of Respondent's claims. (App., *infra*, 30a-31a). The court likewise dismissed Plaintiff's contention that his use of Respondent's mark in his websites' metatags was fair because Petitioner merely sought to provide criticism and comparative advertising to search engine users seeking information on the object of this criticism and comparative advertising:

> Although Defendant's use of the Pycnogenol mark may be fair insofar as he uses it to describe Plaintiff's product for purposes of comparison, (citation omitted), this fair use extends only to the content of Defendant's web site. . . . [not to using] the term "Pycnogenol," which is clearly not an English word found in the dictionary, but a registered trademark, to route Internet users searching for Plaintiff's product to Defendant's web site.

(App., *infra*, 34a). Finally, the court denied summary judgment against Respondent on its dilution claims, reasoning that an issue of material fact remained as to whether the numerous mentions of Respondent's mark on Petitioner's websites, despite repeated disclaimers, diluted the mark. Respondent did not appeal the court's dismissal of its § 1125(a) claims.

The claims remaining after the court's summary judgment decision were tried to a jury in July of 2001. Mr. Garcia argued, among other things, that his webpages used Respondent's PYCNOGENOL mark for the purpose of education and comparative advertising. Respondent put on no survey evidence or testimony from consumers regarding confusion. At the close of evidence, before closing statements, Judge Phillips granted judgment as a matter of law

to Respondent on its initial interest infringement and dilution claims, and on Mr. Garcia's counterclaims. The court ordered Respondent's to submit a proposed judgment, which it subsequently adopted with minor hand-written amendments. (App., *infra*, 18a). The judgment stated, among other things, that Petitioner's liability for trademark infringement hinged on initial interest confusion. The judgment contained an order forbidding Petitioner from using Respondent's mark in the metatags for any of his websites, which included noncommercial sites such as a site devoted to documenting and criticizing the trial court proceedings. The court issued no separate opinion. Subsequently, the court awarded fees and costs to Respondent totaling $812,366.36.

2. The Ninth Circuit affirmed the trial court's decision on trademark infringement, but remanded the dilution claim in light of this Court's holding in *Moseley*. The court of appeals, which failed to address Petitioner's *pro se* arguments concerning the proper standard to apply, found that Petitioner's use of PYCNOGENOL as a metatag constituted *per se* trademark infringement and that Petitioner would be liable for same unless he made out a fair use defense. The court held that Petitioner could not avail itself of the "descriptive fair use" defense which, although the court did not cite to it, is embodied in 15 U.S.C. § 1115(b)(4). The court then analyzed whether Petitioner had made out a "nominative fair use defense." In the Ninth Circuit, defendants accused of trademark infringement for using another's non-descriptive mark for the purposes of criticism or comparison must prove such a defense to escape liability for infringement:

> This court looks to three factors in determining whether a defendant is entitled to the nominative fair use defense: (1) the product must not be readily identifiable without use of the mark; (2) only so much of the mark may be used as is reasonably

> necessary to identify the product; and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

(App., *infra*, 14a). The court of appeals found that Petitioner met the first prong of the defense because "the only way Garcia could identify Pycnogenol is by using the mark. . . ." (App., *infra*, 14a). Because, the court stated, Petitioner used Respondent's mark too frequently, and in his metatags in particular, Petitioner failed the second prong of the test. Accordingly, the court found Petitioner liable for trademark infringement. The court also upheld the lower court's award of attorneys' fees to Respondent.

Petitioner moved for reconsideration of the court of appeals decision, which the court summarily denied. Shortly after denying Petitioner's motion for reconsideration, however, the court of appeals *sua sponte* issued an amended opinion. This time, the court abandoned its finding that Petitioner failed the second prong of the nominative fair use test, and held that Petitioner failed the third prong because "Garcia's references to Pycnogenol spawn confusion as to sponsorship and attempt to appropriate the cachet of the trademark Pycnogenol to his product." (App., *infra*, 7a).

REASONS FOR GRANTING THE PETITION

The Ninth Circuit's decision cuts trademark law from its mooring to the Lanham Act. The Ninth Circuit is alone in treating "initial interest confusion" as dispositive – absent a defendant's proving a justification defense of the circuit's own creation – of trademark infringement. Likewise, the Ninth Circuit alone applies the aforementioned affirmative defense, which it calls "nominative fair use." Other courts have expressly rejected this defense. Moreover, the Ninth Circuit's approach renders comparative advertising via search engines almost impossible, and how to treat such

advertising is an important and recurring issue.

I. THE NINTH CIRCUIT'S DECISION, REIFYING "INITIAL INTEREST CONFUSION," IS IN CONFLICT WITH OTHER CIRCUITS

1. Congress amended the Lanham Act in 1962. Pub. L. No. 87-772, 76 Stat. 769, 773 (1962). As one court noted near the date of the amendment's enactment, Congress had decidedly minor ambitions for this amendment:

> The Senate Report No. 2107 that accompanies Public Law 87-772 states that the Public Law 87-772 "is in large part a *housekeeping* measure, making *minimal substantive changes* in the trademark law."

In Re Gastown, Inc., 326 F.2d 780, 782 n.1 (CCPA 1964) (emphasis added). With regard to 15 U.S.C. § 1114(1)(a), Pub. L. No. 87-772 struck the following language from the end of the provision as it now stands: "purchasers as to the source of origin of such goods or services."

Several years after *Gastown*, several courts began to justify substantive expansion of the reach of § 1114(1)(a) by reference to the 1962 amendments. Some courts proceeded cautiously, at least at first. *See, e.g., HMH Publishing Co., Inc. v. Brincat*, 504 F.2d 713, (9th Cir. 1974) ("While the legislative history [of the 1962 Amendments] does little to clarify the congressional intent, the literal language of the current Act is sufficiently broad to unequivocally embrace a cause of action based on confusion as to commercial sponsorship.") (citation omitted). Other courts took the position that the amendment unshackled the federal judiciary to attack *any* kind of confusion connected in *any* way with a registered trademark. *See, e.g., Syntex Laboratories, Inc. v. Pharmacal Co.*, 437 F.2d 566, 568 (2d Cir. 1971) ("[Congress] evince[ed] a clear purpose to outlaw the use of trademarks which are likely to cause confusion, mistake, or deception of any kind, not merely of purchasers nor simply

as to source of origin."). More than 40 years after the 1962 amendments, uncertainty remains as to what constraints – if any -- remain on the kinds of confusion embraced by § 1114(1)(a).

2. In reliance on the 1962 amendments, a few courts in the 1970s and 1980s mentioned initial confusion as a factor worth including in the multi-factor analysis for likelihood of confusion. It was not until the 1990s and the rise of the Internet, however, that some courts began talking about a "doctrine" of "initial interest confusion." Some judges became concerned that Internet users searching for Company A's products might, if they followed search engine results to Company B's website, decide to purchase Company B's product rather than take the time and trouble to locate Company A's website. The Ninth Circuit became particularly convinced that such initial interest confusion violated the Lanham Act, likening search engine user confusion to the confusion a highway traveler searching for a particular video rental store might face if it took the wrong exit in reliance on a fraudulent billboard sponsored by a competing video store. *Brookfield Communications, Inc. v. West Coast Entertainment Corp,* 174 F.3d 1046, 1050 (9th Cir. 1999).

3. The Ninth Circuit's conception of initial interest confusion, however, proceeds from an incorrect assumption that the Internet is a hard-to-navigate foreign world to all or most users. As noted trademark treatise author Jerome Gilson has observed:

> The problem with [the *Brookfield*] story is that it does not compare to the experience of every search engine user. Search results for the phrase "Widget Corporation" may include the site for Gadget Inc., but ordinarily the searcher will be able to tell from the search list which site is which before clicking on any site because of the web page or web site name and its brief description. Unlike the story told by

> the Ninth Circuit, the searcher is not misdirected to Gadget Inc.'s web site, believing it to be that of Widget Corporation.

Jerome Gilson, *Trademark Protection and Practice* § 7A.08 (2003). Even where Internet users do visit the wrong site, the Brookfield story is deficient, in that it wrongly suggests that the time it takes an Internet searcher to hit her browser's "back" button and click another link in a set of search results is equivalent to the time required for a traveler to get off a highway, drive from the exit to where it believed Company A was located, look around for Compnay A until it becomes clear that Company A was not present, turnaround, and drive back to the highway in search of the correct exit.

4. Perhaps because of the Ninth Circuit's skewed perception of Internet navigation, it is alone in its extreme view that initial interest confusion by itself is sufficient to constitute trademark infringement. At least two circuits have implicitly rejected initial interest confusion. The First Circuit affirmed a district court holding that the confusion that would result from "consumers. . . realiz[ing] they are at the wrong site and go[ing] to an Internet search engine to find the right one--is not substantial enough to be legally significant." *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 125 (D. Mass. 1999) *aff'd* 232 F.3d 1 (1st Cir. 2000). The Eleventh Circuit, without mentioning the phrase "initial interest confusion," has held that "short-lived confusion or confusion of individuals casually acquainted with a business is worthy of little weight. . . ." *Safeway Stores, Inc., v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1167 (11th Cir. 1982).

Those circuits that have recognized initial interest confusion as cognizable at all under the Lanham Act have, unlike the Ninth Circuit, uniformly treated it as merely one factor in a multi-factor likelihood-of-confusion analysis for

which the plaintiff has the burden of proof. *See, e.g., Paccar Inc. v. Telescan Technologies, L.L.C.*, 319 F.3d 243, 6th Cir. 2003) (holding in metatag case that initial interest confusion is but one of numerous factors in likelihood of confusion analysis); *Promatek Industries, Ltd. v. Equitrac Corp.*, 300 F.3d 808, 811-12 (7th Cir. 2002) (same); *Nike Corp. v. "Just Did It" Enterprises*, 6 F.3d 1225, 1231 (7th Cir. 1993) (although commercial parodist intended his products to confuse consumers from a distance, "[a] jury could surely conclude that any initial confusion ends with a closer look, when the observer 'gets it.'"); *Checkpoint Systems, Inc v. Check Point Software Technologies, Inc.*, 269 F.3d 270, 296 (3d Cir. 2001) ("But if the initial interest confusion does not ultimately result in a purchasing decision, this factor counsels against finding the likelihood of confusion under the Lanham Act.").

Although it may not be obvious to some courts enshrouded in their own metaphors for offline analogs of online activity, widespread adoption of the Ninth Circuit's reification of initial interest confusion would wreak havoc in the "bricks-and-mortar" world. Consider just a few examples of currently-permissible offline activities that give rise to initial interest confusion:

- supermarkets and drugstores use shelf-space near famous brands to showcase their "house" product;
- supermarkets sell shelf-space adjacent to famous brands to competing products;
- new retail establishments frequently open near a competitor to cannibalize the competitor's customers (Starbuck's and Wal-Mart immediately come to mind in this regard).

Petitioner's high rank in search engine results for "Pycnogenol," which the Ninth Circuit held unlawful, does not

differ in any significant respect from these common bricks-and-mortar practices. *Cf. Ashcroft v. American Civil Liberties Union*, 535 U.S. 564, 583 (2002) ("[W]e do not believe that the [Internet's] 'unique characteristics' justify adopting a different approach. . . ."); *Reno v. American Civil Liberties Union*, 521 U.S. 844 (1997) ("Our cases provide no basis for qualifying the level of First Amendment scrutiny that should be applied to th[e Internet].").

Because the lower court found on summary judgment that Petitioner's websites created no likelihood of confusion, that Petitioner did not intend to create confusion, and that nothing on Petitioner's websites constituted false advertising, because these findings remained undisturbed on appeal, and because the lower court and the court of appeals grounded Petitioner's trademark liability solely on initial interest confusion, this case presents a superb vehicle for this Court to resolve judicial confusion over initial interest confusion.

II. THE NINTH CIRCUIT'S BURDEN-SHIFTING "NOMINATIVE FAIR USE" TEST IS IN CONFLICT WITH OTHER CIRCUITS AND IS A LICENSE TO QUASH COMPARATIVE ADVERTISING ON THE INTERNET

1. The Ninth Circuit alone employs the justification defense of "nominative fair use" in trademark actions involving criticism or comparative advertising. *See, e.g., Basic Fun, Inc. v. X-Concepts, LLC.*, 157 F. Supp. 2d 449, 456 (E.D. Pa. 2001) ("The Third Circuit does not recognize 'nominative' fair use defense, which is utilized as a defense solely in the Ninth Circuit."). The Sixth Circuit has explicitly acknowledged a conflict with Ninth Circuit regarding the nominative fair use defense:

> This circuit has never followed the nominative fair use analysis, always having applied the *Frisch's*

> *Restaurants* test. We are not inclined to adopt the Ninth Circuit's analysis here.

Paccar, 319 F.3d at 256. The Fifth Circuit – which has come closest to adopting the Ninth Circuit's nominative fair use defense -- has held that a court may consider two of the nominative fair use factors, not as a defense, but only as part of the traditional multi-factor analysis of a plaintiff's case:

> [T]he traditional likelihood-of-confusion analysis is applicable in a comparative-advertising situation, but the court should usually consider the nominative-use claim in conjunction with its likelihood-of-confusion analysis to avoid lowering the standard of confusion.

Pebble Beach Co. v. Tour 18 I Ltd, 155 F.3d 526, 547 (5th Cir. 1998).[2] At least one district court has stated that the Lanham Act does not authorize the nominative fair use defense. *See, e.g., National Fed'n of the Blind v. Loompanics Enters.*, 936 F. Supp. 1232, 1241 (D. Md. 1996) ("Because the [nominative fair use] test is not the law of this Circuit, and because neither the statute nor Fourth Circuit case law portend its adoption, I decline to follow it.")

2. That other circuits have refused to adopt the Ninth Circuit's nominative fair use defense is unsurprising. First, nothing in the Lanham Act permits courts to shift the burden of proof to defendants by creating new affirmative defenses.

Second, the test prescribed by the Ninth Circuit is inappropriate for its purpose. There is little point to engaging in criticism or comparative advertising on the Internet

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[2] The Fifth Circuit also explicitly rejected consideration of one of the Ninth Circuit's factors because "in the circumstance before us of direct comparative advertising used to identify what was copied, it will always be satisfied." *Pebble Beach*, 155 F.3d at 546 n.13.

if those searching for information on the object of the criticism or comparison cannot find your website. Thus, a court applying the Ninth Circuit's approach to Internet comparative advertising will almost always find a) initial interest confusion and, under the decision appealed here, trademark infringement "in the first instance" (App., *infra*, 5a); and, b) that the defendant has occasioned (initial interest) confusion and traded on the "cachet" of the object of her criticism, thus failing the third prong of the nominative fair use "defense."

Although the court of appeals chose not to specify what kind of confusion it was talking about when it found that Petitioner "spawn[ed] confusion" (App., *infra*, 7a) and thus failed the nominative fair use defense's third prong, there can be no doubt that it was initial interest confusion, because the trial court found on summary judgment that no other kind of confusion was likely, and that finding was undisturbed. Thus, in situations like those described above, the nominative fair use defense is not only unauthorized by the Lanham Act, but circular and therefore impossible to meet.[3]

III. HOW COURTS ASSESS WHETHER CRITICISM AND COMPARATIVE ADVERTISING ON THE INTERNET CONSTITUTE TRADEMARK INFRINGEMENT IS AN IMPORTANT AND RECURRING QUESTION

A. Comparative Advertising is Vitally Important, Particularly in the Area of Nutritional Supplement Claims and Pricing

This Court, lower courts, and commentators have long

[3] Indeed, the court of appeals' *sua sponte* revision of its holding on which factors applied in this case demonstrates that the even the court that created the "defense" has trouble making sense out of it.

recognized comparative advertising as a fundamental means for consumers to learn about the relative merits and prices of competing goods. *E.g., Prestonettes,* 264 U.S. at 368-69. The leading intermediate appellate case on comparative advertising is *August Storck K.G. v. Nabisco, Inc.,* 59 F.3d 616 (7th Cir. 1995). *Storck* involved competing candymakers, one of whom made comparative references on one of its products to its competitor's product's trademark and trade dress. The Seventh Circuit held that initial confusion was unimportant in such a situation because "the candy-gulping public will quickly grasp that the point of the [use of plaintiff's mark] is to distinguish the two candies--to say that one is different from, and better than, the other." *Id.* at 618. The court noted that comparative advertising is not merely "permissible in the sense that one firm is entitled to do everything within legal bounds to undermine a rival," *id.*, but is in fact "is beneficial to consumers." *Id.*

Federal agencies charged with regulating food and nutritional supplement claims – such as those made by Petitioner on the subject websites – affirmatively promote the use of comparative advertising:

> Both the FTC and the FDA encourage product comparisons. *The FTC* believes that consumers gain from comparative advertising, and to make the comparison vivid the Commission "*encourages the naming of, or reference to competitors*". 16 C.F.R. § 14.15(b). A "comparison" to a mystery rival is just puffery; it is not falsifiable and therefore is not informative. *Because comparisons must be concrete to be useful, the FDA's regulations* implementing the Nutrition Labeling and Education Act of 1990, 21 U.S.C. § 301 note, *prefer that the object of a nutritional comparison be the market leader* (a "comparison" to a product consumers do not recognize is as useless as a comparison to an anonymous rival) or

> an average of the three leading brands. 21 C.F.R. § 101.13(j)(1)(ii)(A).

Id. Thus, the federal government encourages activity that the Ninth Circuit would label trading on the "cachet" of market leaders.

This Court has held that consumers have a protected First Amendment right to learn information about the prices at which various firms offer drugs. *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748 (1976). The Court noted there that consumers' need to learn the prices of drugs may outstrip all other informational needs:

> [A consumer's interest in drug price information] may be as keen, if not keener by far, than his interest in the day's most urgent political debate. . . . Those whom the suppression of prescription drug price information hits the hardest are the poor, the sick, and particularly the aged. A disproportionate amount of their income tends to be spent on prescription drugs; yet they are the least able to learn, by shopping from pharmacist to pharmacist, where their scarce dollars are best spent. When drug prices vary. . , information as to who is charging what becomes more than a convenience. It could mean the alleviation of physical pain or the enjoyment of basic necessities.

Id. at 763-64. The Court further observed that if Pharmacist A believes his product is more expensive than Pharmacist B's product because Pharmacist A's product or the service provided in conjunction with it is better than Pharmacist B's, the answer is not to restrict price information, but for Pharmacist A to engage in broad comparative advertising with respect to Pharmacist B. *Id.* at 1829.

Consumers today make widespread use of nutritional

supplements to alleviate and prevent health conditions, yet nutritional supplements are subject to far less federal regulations than are drugs. Accordingly, the value of comparative advertising regarding the price and quality of nutritional supplements is at least as important—and perhaps more important—to consumers as is such comparative advertising for drugs.

B. Paid Search is Growing Rapidly and Provides The Best Avenue for Comparative Advertisers, But Because There Is No Statute Providing Immunity for Contributory Trademark Infringement, Search Engines Will Summarily Pull Comparative Advertising Upon Complaint of the Advertising's Subject

The use of metatags to index websites in search engines is declining somewhat. In its stead, however, search engines are, increasingly, actually selling priority in their results to the highest bidder for a given keyword. Thus, if the owner of Widget wished to engage in comparative advertising with respect to its competitor's product, Gizmo, Widget's owner could gain the highest rank in searches for "Gizmo" simply by bidding the highest sum for that keyword.

So called "paid search" is the fastest growing segment of Internet advertising. Indeed, the paid search industry is expected to be worth $1.6 billion in 2003, and to rise significantly thereafter. (App., *infra*, 56a).

The uncertainty surrounding the standard for trademark infringement in Internet comparative advertising hinders this industry's growth. Internet service provid-

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[4] Such protection requires providers to take certain ministerial steps.

ers such as search engines are protected from liability for contributory copyright infringement[4] and republication of defamatory material. *See* 17 U.S.C. § 512(c) (providing protection from contributory copyright infringement); 47 U.S.C. § 230(c) (providing immunity for republication of falsehoods). Congress enacted these statutes to foster the growth of the Internet. Congress has not addressed the problem of contributory trademark infringement for carrying comparative advertising in search results, and Petitioner is unaware of any current legislative activity directed at this problem. Because search engines lack such protection, they routinely remove paid-search listings upon the complaint of an alleged trademark owner.

Obviously, this response to judicial confusion costs search engines revenue, and this revenue loss is probably substantial. Perhaps less obviously, however, this response dramatically chills speech connected with other parties' trademarks. As paid search gains market share relative to non-paid search, it will become increasingly difficult for any person or entity seeking to make legitimate use of another's trademark, whether for parody, political commentary, or comparative advertising, to be heard. The owner of a given trademark need only send a cease-and-desist letter to search engines, and its critic or competitor will be effectively silenced on the Internet.

Prospective trademark liability for paid search involving another entity's trademark is no different than for metatag use involving another user's mark. In both cases, the defendant wants to be found by search engine users looking for information on the product or service sold under the mark. Because confusion between the circuits as to how to treat such cases is an important and recurring problem, this Court should grant *certiorari* to resolve this confusion.

IV. CONCLUSION

The petition for a writ of *certiorari* should be granted.

Respectfully submitted,

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FOR PUBLICATION
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 01-56733
D.C. No. CV-00-00372-VAP

HORPHAG RESEARCH LTD,
Plaintiff-counter-defendant-Appellee,
v.
MARIO PELLEGRINI, dba Healthdiscovery.Com,
Defendant,
and
LARRY GARCIA, dba Healthierlife.Com,
Defendant-counter-claimant-Appellant.

No. 02-55142
D.C. No. CV-00-00372-VAP

HORPHAG RESEARCH LTD,
Plaintiff-counter-defendant-Appellee,
v.
LARRY GARCIA, dba Healthierlife.Com,
Defendant-counter-claimant-Appellant.

AMENDED OPINION

Appeal from the United States District Court
for the Central District of California
Virginia A. Phillips, District Judge, Presiding

Argued and Submitted
March 6, 2003—Pasadena, California
Filed May 9, 2003
Amended July 29, 2003

Before: Harry Pregerson and Sidney R. Thomas,
Circuit Judges, and Louis F. Oberdorfer,[1]
Senior District Judge. Opinion by Judge Pregerson.

COUNSEL

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Larry Garcia, Pro Se, Houston, Texas (brief),
for the defendant-counter-claimantappellant.
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for the plaintiff-counter-defendant-appellee.

OPINION

Pregerson, Circuit Judge:

Defendant-Appellant Larry Garcia, proceeding largely pro se, appeals from the district court's grant of Plaintiff-Appellee Horphag Research, Ltd.'s (Horphag) motion for judgment as a matter of law following a four-day jury trial. In a separate appeal, Garcia challenges the district court's award of attorneys' fees to Horphag. Horphag brought an action against Garcia, doing business as "Healthierlife.com," for trademark infringement under 15 U.S.C. § 1114 (1999) and trademark dilution under 15 U.S.C. § 1125(c) (1999). The action was prompted by Garcia's use on his websites of the word "Pycnogenol," a trademark owned by Horphag.

We have jurisdiction to hear this appeal under 28 U.S.C. § 1291. We affirm the judgment of the district court both on the trademark infringement claim and the award of attorneys' fees related to this claim. There is ample evidence in the record to support Horphag's trademark infringement claim, even viewing the facts in the light most favorable to Garcia. Moreover, the district court did not abuse its discretion in awarding Horphag attorneys' fees related to

[1] The Hon. Louis F. Oberdorfer, Senior Judge, United States District Court for the District of Columbia, sitting by designation.

the infringement claim, because the district court properly found that Garcia's infringement was willful and deliberate and that Garcia's counterclaims were groundless. With respect to the trademark dilution claim, we vacate the district court's judgment and remand to the district court to reconsider its holding in light of the recent Supreme Court opinion in *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003). We remand the related portion of the attorneys' fees award for reconsideration as well.

Facts and Procedural Background

Horphag applied to register the trademark "Pycnogenol" for its pine bark extract product in 1990. In May 1993, the United States Patent and Trademark Office granted Horphag the trademark. Plaintiff has not authorized any other individual or entity to use its mark. Garcia is an entrepreneur who has used the Internet site "healthierlife.com," among others, to advertise and sell various pharmaceutical products, including "Pycnogenol" and "Masquelier's: the original French Pycnogenol." Garcia, allegedly to compare his product to Horphag's, repeatedly used Horphag's trademark "Pycnogenol" as a "meta-tag."[2]

On June 18, 1999, Horphag filed an action against Garcia alleging trademark infringement, false designation of origin, and trademark dilution under federal law, as well as trademark dilution and unfair competition under California law. After a long series of motions between the parties, the case went to a jury trial on July 24-27, 2001. On July 27, 2001, after both sides rested their respective cases, and before the case was submitted to the jury, the district court granted Horphag's motion for judgment as a matter of law under Fed. R.Civ. P. 50(a).[3] The district court held that Garcia infringed and unlawfully diluted Horphag's trade-

[2] A meta-tag is used by Internet search engines (such as Google.com and Yahoo.com) as an indexing tool to determine which websites correspond to the search terms provided by a user.

mark, Pycnogenol. On August 28, 2001, the district court entered judgment in Horphag's favor. On August 15, 2001, Garcia filed a motion for reconsideration under Fed. R. Civ. P. 59(e), which the district court denied on September 14, 2001. On January 4, 2002, the district court awarded attorneys' fees to Horphag. Garcia now appeals from the judgment as a matter of law and also challenges the award of attorneys' fees.

Discussion

I. *Standard of Review*

A grant of a motion for judgment as a matter of law is reviewed de novo. *See Howard v. Everex Sys., Inc.*, 228 F.3d 1057, 1060 (9th Cir. 2000). In reviewing a judgment as a matter of law, the evidence must be viewed in the light most favorable to the nonmoving party, and all reasonable inferences must be drawn in favor of that party. *See Reeves v. Sanderson Plumbing Prod., Inc.*, 530 U.S. 133, 149-50 (2000).

An award of fees under the Lanham Act is reviewed for an abuse of discretion. *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1156 (9th Cir. 2002). The district court has discretion to award attorneys' fees for actions to enforce trademarks, but only in "exceptional cases." *McClaran v. Plastic Indus., Inc.*, 97 F.3d 347, 364 (9th Cir. 1996). This court has held that "exceptional cases" include cases that

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[3]Rule 50(a) of the Federal Rules of Civil Procedure provides, in relevant part:

> (1) If during a trial by jury a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue, the court may determine the issue against that party and may grant a motion for judgment as a matter of law against that party with respect to a claim or defense that cannot under the controlling law be maintained or defeated without a favorable finding on that issue.
>
> (2) Motions for judgment as a matter of law may be made at any time before submission of the case to the jury.

Fed. R. Civ. P. 50(a).

are "*either* groundless, unreasonable, vexatious *or* pursued in bad faith." *Cairns*, 292 F.3d at 1156 (emphasis in original) (internal quotation marks and citation omitted). Such fee awards are reviewed for an abuse of discretion. *Rio Prop. Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1023 (9th Cir. 2002).

II. *Horphag's Claims of Trademark Infringement and Dilution*

[1] Federal trademark law addresses "the dual purposes of infringement law: ensuring that owners of trademarks can benefit from the goodwill associated with their marks and that consumers can distinguish among competing producers." *Thane Int'l v. Trek Bicycle Corp.*, 305 F.3d 894, 900-01 (9th Cir. 2002). To establish a trademark infringement claim under the Lanham Act, 15 U.S.C. §§ 1051-1127 (1999), a plaintiff must establish that the defendant is using a mark "confusingly similar" to the protectable trademark of the plaintiff. *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999). Because Garcia admits to using Horphag's Pycnogenol trademark and specifically admits to using the Pycnogenol mark in the meta-tags for his websites, his use satisfies the terms of trademark infringement in the first instance. Thus, we must determine whether he adequately presents a defense to infringement under the Lanham Act.

[2] There are two "fair use" defenses to trademark infringement. *Cairns*, 292 F.3d at 1150. In *Cairns*, this court described the difference between the "nominative" fair use and "classic" fair use defenses:

> The nominative fair use analysis is appropriate where a defendant has used the plaintiff's mark to describe the plaintiff's product, even if the defendant's ultimate goal is to describe his own product. Conversely, the classic fair use analysis is appropriate where a defendant has used the plaintiff's mark

> only to describe his own product, and not at all to describe the plaintiff's product.

Id. at 1152 (emphasis and footnotes omitted).

[3] The classic fair use defense "applies only to marks that possess both a primary meaning and a secondary meaning—and only when the mark is used in its primary descriptive sense rather than its secondary trademark sense." *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 905-06 (9th Cir. 2003) (citations and footnote omitted). The Pycnogenol mark does not possess any meaning other than its use as a registered trademark. Therefore, Garcia's use of the trademark plainly does not qualify for the classic fair use analysis.

The nominative fair use analysis "acknowledges that 'it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark.' " *Brother Records,* 318 F.3d at 908 (quoting *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992)). "Still, the 'core element' of trademark infringement law is 'whether an alleged trademark infringer's use of a mark creates a likelihood that the consuming public will be confused as to who makes the product.' " *Id.* at 908 (quoting *Thane Int'l*, 305 F.3d at 901). Accordingly, this court has held that "the nominative fair use defense is available only if 'the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one.' " *Id.* (quoting *New Kids*, 971 F.2d at 307-08).

[4] This court looks to three factors in determining whether a defendant is entitled to the nominative fair use defense: (1) the product must not be readily identifiable without use of the mark; (2) only so much of the mark may be used as is reasonably necessary to identify the product; and (3) the user must do nothing that would, in conjunc-

tion with the mark, suggest sponsorship or endorsement by the trademark holder. *New Kids*, 971 F.2d at 308. However, even if Garcia could meet the first two criteria, he cannot meet the third requirement because, as evidenced by the record at trial, Garcia's references to Pycnogenol spawn confusion as to sponsorship and attempt to appropriate the cachet of the trademark Pycnogenol to his product.

[5] However, we vacate the district court's judgment on the trademark dilution claim and remand for reconsideration in light of the Supreme Court's recent decision in *Moseley*, 123 S. Ct. at 1115. The Supreme Court in *Moseley* expanded on the requirements for a trademark dilution claim under the Federal Trademark Dilution Act and emphasized the requirement of proof of actual dilution to succeed on such a claim. Because the district court did not have the opportunity to consider the facts of this case in light of the standard the Supreme Court articulated in *Moseley*, we vacate the district court's judgment on the trademark dilution claim and remand for reconsideration in light of *Moseley*. *See generally Moseley*, 123 S. Ct. 1115 (2003); *see also Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903-07 (2002) (describing differences between trademark infringement and trademark dilution and discussing the three statutory exemptions from liability under the FTDA); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 873-77 (9th Cir. 1999) (setting forth the four-fold test to evaluate whether a mark has been diluted).

III. *Garcia's Appeal of the Award of Attorneys' Fees to Horphag*

This court reviews a district court's award of attorneys' fees for an abuse of discretion. *Cairns*, 292 F.3d at 1156. An abuse of discretion is "a plain error, discretion exercised to an end not justified by the evidence, a judgment that is clearly against the logic and effect of the facts as are found." *See Wing v. Asarco Inc.*, 114 F.3d 986, 988 (9th Cir.

1997). Under the abuse of discretion standard, a reviewing court cannot reverse a decision of the district court unless the reviewing court has a definite and firm conviction that the district court committed a clear error of judgment in the conclusion it reached upon a weighing of the relevant factors. *SEC v. Coldicutt,* 258 F.3d 939, 941 (9th Cir. 2001).

[6] Under § 1117(a) of the Lanham Act, a court may award the prevailing party reasonable attorneys' fees in exceptional circumstances. Exceptional cases include cases in which the infringement is malicious, fraudulent, deliberate, or willful. *Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000); *see also Cairns,* 292 F.3d at 1156. The district court properly found that Garcia's infringement was willful and deliberate, and therefore, sufficient to justify an award of attorneys' fees. The district court's findings regarding Horphag's trademark infringement claim are supported fully by the record. Because nothing in the record indicates that the district court committed a clear error of judgment in awarding Horphag reasonable attorneys' fees, we affirm the award. In its fees analysis, the district court reasonably reduced the award to account for only the time spent on the issues on which Horphag prevailed. Before the district court, Horphag prevailed on its trademark dilution claim, and the district court awarded fees accordingly. Because we vacate and remand the district court's decision on the dilution claim, we also direct the district court to reconsider the portion of its fees analysis related to this dilution claim.

Conclusion

We AFFIRM the district court's judgment as a matter of law for Horphag, except with respect to the trademark dilution claim. We VACATE the district court's judgment on trademark dilution and REMAND to the district court for reconsideration of that claim in light of *Moseley*. We AFFIRM the district court's award of attorneys' fees to Horphag.

FOR PUBLICATION
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 01-56733
D.C. No. CV-00-00372-VAP

HORPHAG RESEARCH LTD,
Plaintiff-counterdefendant-Appellee,
v.
MARIO PELLEGRINI, dba Healthdiscovery.Com,
Defendant,
and
LARRY GARCIA, dba Healthierlife.Com,
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OPINION

Appeal from the United States District Court
for the Central District of California
Virginia A. Phillips, District Judge, Presiding

Argued and Submitted
March 6, 2003—Pasadena, California
Filed May 9, 2003

Before: Harry Pregerson and Sidney R. Thomas,
Circuit Judges, and Louis F. Oberdorfer,[1]
Senior District Judge. Opinion by Judge Pregerson.

COUNSEL

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Larry Garcia, Pro Se, Houston, Texas (brief),
for the defendant-counter-claimantappellant.
Marvin S. Gittes, Cobrin & Gittes, New York, New York,
for the plaintiff-counter-defendant-appellee.

OPINION

Pregerson, Circuit Judge:

Defendant-Appellant Larry Garcia, proceeding largely pro se, appeals from the district court's grant of Plaintiff-Appellee Horphag Research, Ltd.'s (Horphag) motion for judgment as a matter of law following a four-day jury trial. In a separate appeal, Garcia challenges the district court's award of attorneys' fees to Horphag. Horphag brought an action against Garcia, doing business as "Healthierlife.com," for trademark infringement under 15 U.S.C. § 1114 (1999) and trademark dilution under 15 U.S.C. § 1125(c) (1999). The action was prompted by Garcia's use on his websites of the word "Pycnogenol," a trademark owned by Horphag.

We have jurisdiction to hear this appeal under 28 U.S.C. § 1291. We affirm the judgment of the district court both on the trademark infringement claim and the award of attorneys' fees related to this claim. There is ample evidence in the record to support Horphag's trademark infringement claim, even viewing the facts in the light most favorable to Garcia. Moreover, the district court did not abuse its discretion in awarding Horphag attorneys' fees related to

[1] The Hon. Louis F. Oberdorfer, Senior Judge, United States District Court for the District of Columbia, sitting by designation.

the infringement claim, because the district court properly found that Garcia's infringement was willful and deliberate and that Garcia's counterclaims were groundless. With respect to the trademark dilution claim, we vacate the district court's judgment and remand to the district court to reconsider its holding in light of the recent Supreme Court opinion in *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003). We remand the related portion of the attorneys' fees award for reconsideration as well.

FACTS and PROCEDURAL BACKGROUND

Horphag applied to register the trademark "Pycnogenol" for its pine bark extract product in 1990. In May 1993, the United States Patent and Trademark Office granted Horphag the trademark. Plaintiff has not authorized any other individual or entity to use its mark. Garcia is an entrepreneur who has used the Internet site "healthierlife.com," among others, to advertise and sell various pharmaceutical products, including "Pycnogenol" and "Masquelier's: the original French Pycnogenol." Garcia, allegedly to compare his product to Horphag's, repeatedly used Horphag's trademark "Pycnogenol" as a "meta-tag."[2]

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[2] A meta-tag is used by Internet search engines (such as Google.com and Yahoo.com) as an indexing tool to determine which websites correspond to the search terms provided by a user.

and unlawfully diluted Horphag's trademark, Pycnogenol. On August 28, 2001, the district court entered judgment in Horphag's favor. On August 15, 2001, Garcia filed a motion for reconsideration under Fed. R. Civ. P. 59(e), which the district court denied on September 14, 2001. On January 4, 2002, the district court awarded attorneys' fees to Horphag. Garcia now appeals from the judgment as a matter of law and also challenges the award of attorneys' fees.

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An award of fees under the Lanham Act is reviewed for an abuse of discretion. *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1156 (9th Cir. 2002). The district court has discretion to award attorneys' fees for actions to enforce trademarks, but only in "exceptional cases." *McClaran v. Plastic Indus., Inc.*, 97 F.3d 347, 364 (9th Cir. 1996). This

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[3]Rule 50(a) of the Federal Rules of Civil Procedure provides, in relevant part:

> (1) If during a trial by jury a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue, the court may determine the issue against that party and may grant a motion for judgment as a matter of law against that party with respect to a claim or defense that cannot under the controlling law be maintained or defeated without a favorable finding on that issue.
>
> (2) Motions for judgment as a matter of law may be made at any time before submission of the case to the jury.

Fed. R. Civ. P. 50(a).

court has held that "exceptional cases" include cases that are "*either* groundless, unreasonable, vexatious *or* pursued in bad faith." *Cairns*, 292 F.3d at 1156 (emphasis in original) (internal quotation marks and citation omitted). Such fee awards are reviewed for an abuse of discretion. *Rio Prop. Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1023 (9th Cir. 2002).

II. *Horphag's Claims of Trademark Infringement and Dilution*

[1] Federal trademark law addresses "the dual purposes of infringement law: ensuring that owners of trademarks can benefit from the goodwill associated with their marks and that consumers can distinguish among competing producers." *Thane Int'l v. Trek Bicycle Corp.*, 305 F.3d 894, 900-01 (9th Cir. 2002). To establish a trademark infringement claim under the Lanham Act, 15 U.S.C. §§ 1051-1127 (1999), a plaintiff must establish that the defendant is using a mark "confusingly similar" to the protectable trademark of the plaintiff. *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999). Because Garcia admits to using Horphag's Pycnogenol trademark and specifically admits to using the Pycnogenol mark in the meta-tags for his websites, his use satisfies the terms of trademark infringement in the first instance. Thus, we must determine whether he adequately presents a defense to infringement under the Lanham Act.

[2] There are two "fair use" defenses to trademark infringement. *Cairns*, 292 F.3d at 1150. In *Cairns*, this court described the difference between the "nominative" fair use and "classic" fair use defenses:

> The nominative fair use analysis is appropriate where a defendant has used the plaintiff's mark to describe the plaintiff's product, even if the defendant's ultimate goal is to describe his own product. Conversely, the classic fair use analysis is appropri-

> ate where a defendant has used the plaintiff's mark only to describe his own product, and not at all to describe the plaintiff's product.

Id. at 1152 (emphasis and footnotes omitted).

[3] The classic fair use defense "applies only to marks that possess both a primary meaning and a secondary meaning—and only when the mark is used in its primary descriptive sense rather than its secondary trademark sense." *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 905-06 (9th Cir. 2003) (citations and footnote omitted). The Pycnogenol mark does not posses any meaning other than its use as a registered trademark. Therefore, Garcia's use of the trademark plainly does not qualify for the classic fair use analysis.

The nominative fair use analysis "acknowledges that 'it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark.' " *Brother Records*, 318 F.3d at 908 (quoting *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992)). "Still, the 'core element' of trademark infringement law is 'whether an alleged trademark infringer's use of a mark creates a likelihood that the consuming public will be confused as to who makes the product.' " *Id.* at 908 (quoting *Thane Int'l*, 305 F.3d at 901). Accordingly, this court has held that "the nominative fair use defense is available only if 'the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one.' " *Id.* (quoting *New Kids*, 971 F.2d at 30708).

[4] This court looks to three factors in determining whether a defendant is entitled to the nominative fair use defense: (1) the product must not be readily identifiable without use of the mark; (2) only so much of the mark may be used as is reasonably necessary to identify the product;

and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. *New Kids*, 971 F.2d at 308. Because the only way Garcia could identify Pycnogenol is by using the mark, Garcia likely meets the first requirement. However, because Garcia's use of the mark in his websites is unreasonably pervasive, his chance of succeeding under this defense dampens upon consideration of the second and third factors. By using the mark so pervasively, not just in the text of his websites but also in the metatags used to link others to his websites, Garcia exceeds any measure of reasonable necessity in using the Pycnogenol mark. Moreover, the constant use of Horphag's Pycnogenol trademark and variants thereof, such as "the Original French Pycnogenol," likely suggests that Horphag sponsors or is associated with Garcia's websites and products. Therefore, Garcia cannot successfully assert this defense. Accordingly, we affirm the district court's judgment with respect to Horphag's trademark infringement claim.

[5] However, we vacate the district court's judgment on the trademark dilution claim and remand for reconsideration in light of the Supreme Court's recent decision in *Moseley*, 123 S. Ct. at 1115. The Supreme Court in *Moseley* expanded on the requirements for a trademark dilution claim under the Federal Trademark Dilution Act and emphasized the requirement of proof of actual dilution to succeed on such a claim. Because the district court did not have the opportunity to consider the facts of this case in light of the standard the Supreme Court articulated in *Moseley*, we vacate the district court's judgment on the trademark dilution claim and remand for reconsideration in light of *Moseley*. *See generally Moseley,* 123 S. Ct. 1115 (2003); *see also Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903-07 (2002) (describing differences between trademark infringement and trademark dilution and discussing the three statutory exemptions from liability under the FTDA); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868,

873-77 (9th Cir. 1999) (setting forth the four-fold test to evaluate whether a mark has been diluted).

III. *Garcia's Appeal of the Award of Attorneys' Fees to Horphag*

This court reviews a district court's award of attorneys' fees for an abuse of discretion. *Cairns*, 292 F.3d at 1156. An abuse of discretion is "a plain error, discretion exercised to an end not justified by the evidence, a judgment that is clearly against the logic and effect of the facts as are found." *See Wing v. Asarco Inc.*, 114 F.3d 986, 988 (9th Cir. 1997). Under the abuse of discretion standard, a reviewing court cannot reverse a decision of the district court unless the reviewing court has a definite and firm conviction that the district court committed a clear error of judgment in the conclusion it reached upon a weighing of the relevant factors. *SEC v. Coldicutt*, 258 F.3d 939, 941 (9th Cir. 2001).

[6] Under § 1117(a) of the Lanham Act, a court may award the prevailing party reasonable attorneys' fees in exceptional circumstances. Exceptional cases include cases in which the infringement is malicious, fraudulent, deliberate, or willful. *Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000); *see also Cairns*, 292 F.3d at 1156. The district court properly found that Garcia's infringement was willful and deliberate, and therefore, sufficient to justify an award of attorneys' fees. The district court stated that:

> [Garcia] used [Horphag's] registered trademark PYCNOGENOL as a meta-tag in his many websites. [Garcia] expressly admitted that he intended for his websites to gain priority in an Internet search for "PYCNOGENOL." This gave Internet searchers the false impression that the products sold on his website were either [Horphag's] product, products identical to [Horphag's] product, or products approved by [Horphag].

The district court's findings regarding Horphag's trademark infringement claim are supported fully by the record. Because nothing in the record indicates that the district court committed a clear error of judgment in awarding Horphag reasonable attorneys' fees, we affirm the award. In its fees analysis, the district court reasonably reduced the award to account for only the time spent on the issues on which Horphag prevailed. Before the district court, Horphag prevailed on its trademark dilution claim, and the district court awarded fees accordingly. Because we vacate and remand the district court's decision on the dilution claim, we also direct the district court to reconsider the portion of its fees analysis related to this dilution claim.

CONCLUSION

We AFFIRM the district court's judgment as a matter of law for Horphag, except with respect to the trademark dilution claim. We VACATE the district court's judgment on trademark dilution and REMAND to the district court for reconsideration of that claim in light of *Moseley*. We AFFIRM the district court's award of attorneys' fees to Horphag.

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

Case No. EDCV 00 ~~732~~ [*handwritten strikethrough and* "372"]VAP (EEx)
Assigned to Hon Virginia A. Phillips

HORPHAG RESEARCH, LTD., Plaintiff,
v
LARRY GARCIA D/B/A HEALTHIERLIFE.COM,
Defendant

LARRY GARCIA, Counter-Claimant,
v
HORPHAG RESEARCH, LTD., Counter-Defendant.

~~[PROPOSED]~~
[*handwritten strikethrough*]
JUDGMENT

This matter having come before the Court for a jury teal, the Honorable Judge Virginia A Phillips presiding, and the trial having taken place and completed from July 24 through July 27, 2001; and

THIS COURT HAVING FULLY CONSIDERED all the admitted exhibits, the testimony of the witnesses at trial and the arguments of the parties; and

THIS COURT HAVING GRANTED Plaintiff Horphag Research Ltd.'s ("Horphag") Motions for Judgment as a Matter of Law pursuant to Fed. R. Civ P 50;

IT IS HEREBY ADJUDGED, ORDERED AND DECREED THAT:

1. This Court has jurisdiction over the parties to this action and jurisdiction over the subject matter of this ac-

tion pursuant to 28 U.S.C. §§ 1331; 1332, 1338; and 15 U S.C. § 1114, 1121 and 1125 *et seq* ; and

ON PLAINTIFF'S FIRST ~~CAUSE OF ACTION~~
[*handwritten strikethrough,* **"CLAIM"** *and* **"vap"**]

2. The Court finds that as to Horphag's first claim for trademark infringement pursuant to 15 U.S.C § 1114, defendant has infringed Horphag's U.S registered trademark PYCNOGENOL®. This infringement resulted from defendant's use of the word PYCNOGENOL, which is identical to Horphag's registered U.S. trademark PYCNOGENOL®, as metatags on Internet websites owned, operated, managed and/or otherwise affiliated with defendant. Through these websites defendant provides information about nutritional supplements and/or offers for sale a competing LifePlus dietary and nutritional supplement product variously identified as MASQUELIER'S, MASQUELIER'S® OPC's or PROANTHENOLS WITH MASQUELIER'S OPC's, all with the intention of diverting those seeking PYCNOGENOL® to its websites. The foregoing gives rise to and constitutes "initial interest confusion" among Internet users searching the term PYCNOGENOL, as such users are unwittingly diverted by defendant Larry Garcia's metatags to his websites whose HTML code contains one or more metatags identical to, similar to, or including PYCNOGENOL® (i.e, PYCNOGENOLS or PYCNOGENOL) ;

3. Defendant, his agents, servants, employees and attorneys, and all those persons in active concert or in participation with defendant who receive notice of this JUDGMENT by personal service, or otherwise, (collectively "GARCIA") are hereby **PERMANENTLY ENJOINED AS OF THE DATE OF ENTRY OF THIS JUDGMENT** from using and/or exploiting, in any way the trademark PYCNOGENOL® or any other colorable variation thereof as metatags on any of GARCIA' S websites; and

ON PLAINTIFF'S SECOND ~~CAUSE OF ACTION~~
[*handwritten: strikethrough*, **"CLAIM"** *and* **"vap"**]

4. As to Plaintiffs second claim for trademark dilution pursuant to 15 U.S C 1125(c), this Court finds that defendant has unlawfully diluted Horphag's registered U.S trademark PYCNOGENOL®. This Court further finds that Horphag's registered U.S PYCNOGENOL® trademark is a famous trademark within the nutritional supplement field. Defendant has made ubiquitous and pervasive commercial use of Horphag's registered U.S trademark PYCNOGENOL® on defendant's web sites that provide information about nutritional supplements and/or offer for sale other products that do not contain Horphag's PYCNOGENOL® product. This Court further finds that such uses included deliberate and calculated attempts to confuse defendant's product with Horphag's PYCNOGENOL® product. These ubiquitous and pervasive uses commenced after the PYCNOGENOL® trademark became famous, and have diluted the distinctive quality of Horphag's registered U S. trademark PYCNOGENOL® by diminishing the capacity of the trademark to identify and distinguish Horphag's goods from those of another, and

5. **AS OF THE DATE OF ENTRY OF THIS JUDGMENT,** all uses of the trademark PYCNOGENOL® by Garcia, not in a quoted text, must contain the "®" symbol followed by the LEGEND.

> "PYCNOGENOL® is a registered U.S trademark of Horphag Research Limited. This website is not authorized to sell, market or distribute Horphag's PYCNOGENOL® product. If the reader desires to obtain Horphag's PYCNOGENOL® product, the reader should go to Horphag's website at www.pycnogenol.com (the "ACKNOWLEDGMENT")",

6. AS OF THE DATE OF ENTRY OF THIS JUDGMENT GARCIA IS PERMANENTLY ENJOINED from:

(i) Further diluting Horphag's registered U S. trademark PYCNOGENOL®,

(ii) Further making ubiquitous and pervasive commercial use of Horphag's registered U.S trademark PYCNOGENOL® on any of GARCIA's websites and in particular from using PYCNOGENOL® or colorable variations thereof more than twice on any page of any website he owns, uses or controls, and PYCNOGENOL® may not appear more than 8 times in any such website This use permitted herein is exclusive of the ACKNOWLEDGMENT and LEGEND of Sections 5 and 7(iii);

(iii) Using the words PYCNOGENOL®, PYCNOGENOLS or any colorable variation thereof in, or as part of a domain name, and/or for any purposes other than to identify Horphag's PYCNOGENOL® product solely for comparative commercial advertising[.] All such uses shall contain a reference to the ACKNOWLEDGMENT;

(iv) Excerpting, other than by direct quotes, any articles or other studies or literature related to Horphag's PYCNOGENOL® product, including, but not limited to, articles or information by Dr Richard A Passwater, Dr. Steven Lamm, Professor Peter Rohdewald; Dr Ronald R Watson; Dr. David F Fitzpatric and/or information contained in U S. Patent Nos. 5,720,956 and 5,719,178 applying to Horphag's PYCNOGENOL® trademark, which will dilute the distinctive quality of Horphag's PYCNOGENOL® trademark[.] All such uses shall contain 1) a reference to the article or patent, 2) a statement that the research or subject matter of the work pertains to Horphag's PYCNOGENOL® product, and 3) a reference to the ACKNOWLEDGMENT; and

(v) Misquoting in any manner any materials discussing

PYCNOGENOL® or Horphag's PYCNOGENOL® product.

7. **AS OF THE DATE OF THIS JUDGMENT**:

(i) GARCIA'S use of the formatives PYCNOGENOL®, PYCNOGENOLS or any colorable variation thereof, shall be strictly limited for the purpose of identifying Horphag's PYCNOGENOL® product, and each time such use is made, there shall be an asterisk (*) referring to the ACKNOWLEDGMENT. Such ACKNOWLEDGMENT, however, shall appear in full on each page of any website or other printed material upon the first use of any of the formatives PYCNOGENOL®, PYCNOGENOLS or any colorable variations thereof;

(ii) GARCIA, shall remove all statements or phrases that state or otherwise suggest that there is confusion about the trademark PYCNOGENOL® and/or that there is confusion about Horphag's PYCNOGENOL® product,

(iii) GARCIA shall engage in corrective advertising sufficient to rectify the dilution of Horphag's registered U.S trademark by prominently displaying, in a distinctive color, in large print, the following LEGEND on the first page of defendant's websites for a period of six (6) months beginning on the date of entry of this **JUDGMENT**.

> Horphag is the owner of all right, title and interest in the U S. registration for the trademark PYCNOGENOL®. Horphag's PYCNOGENOL® product is not affiliated with Masquelier's and we are not authorized to sell or distribute Horphag's PYCNOGENOL® product. All representations made to date, that suggest Horphag was creating confusion in the market place for PYCNOGENOL® product were incorrect and are hereby rescinded.

8. **WITHIN FIVE (5) DAYS FROM THE DATE OF ENTRY OF THIS JUDGMENT:**

(i) Defendant shall transmit via e-mail or fax and also send via certified mail, return receipt requested, postage pre-paid, a copy of this **JUDGMENT**, and a copy of a letter identical to Exhibit A, attached hereto, to any and all persons or entities, [*handwritten open parenthesis* "("] including, but not limited to, Life Plus and all those in privity with defendant, and all others who are [*handwritten open quotes* (")] downline [*handwritten end quotes* (")] from GARCIA, i.e., an affiliate or [*handwritten:* "related"] entity [*handwritten close parenthesis* ")" *and comma* ","] who has adopted a portion of defendant's websites, ~~and~~ [*handwritten strikethrough*] /or who have websites that incorporate, in any part, defendant's websites ~~and~~ [*handwritten strikethrough*] /or have been assisted, directly or indirectly, by defendant with building ~~and~~ [*handwritten strikethrough*] /or maintaining their websites;

(ii) Defendant shall send to Horphag's counsel, an affidavit or declaration pursuant to 28 U.S.C. § 1746, containing with respect to each and every person ~~and~~ [*handwritten strikethrough*] /or entity who is ~~downline of defendant~~ [*handwritten:* "covered ~~in~~ under the terms of paragraph (i) above; vap"]

(a) The identification of the ~~downline~~ [*handwritten strikethrough*] person or entity;

(b) The business address and telephone number of each such ~~downline~~ [*handwritten strikethrough*] person ~~and~~ [*handwritten strikethrough*] /or entity; and

(c) The name(s) of the website address(es) of each such ~~downline~~ [*handwritten strikethrough*] person ~~and~~ [*handwritten strikethrough*] /or entity, including the identification of any metatag(s) used therein,

(iii) Defendant shall shut down all websites in violation of this **JUDGMENT** and not resume their operation until the same have been modified in accordance with this

JUDGMENT.

9. **WITHIN FOURTEEN (14) DAYS OF THE ENTRY OF THIS JUDGMENT** defendant shall serve and provide to Horphag's counsel, a duly executed affidavit or declaration pursuant to 28 U.S.C. §1746 averring that he has complied completely with all terms of this **JUDGMENT** and specifying in detail how he has complied with each injunctive and mandate as set forth herein; and

~~10. **WITHIN TWENTY-ONE (21) DAYS OF THE ENTRY OF THIS JUDGMENT** and thereafter on a monthly basis defendant shall provide Horphag with copies of all correspondence generated and/or received as a requirement of this **JUDGMENT**.~~ [*handwritten strikethrough and* "vap"]

AS TO DEFENDANT'S AFFIRMATIVE DEFENSES AND COUNTERCLAIMS

11. All Counterclaims and affirmative defenses of defendant are hereby dismissed with prejudice because there is no legally sufficient basis for finding that defendants counterclaims and affirmative defense have any merit; and

GENERAL PROVISIONS

12. Pursuant to Fed. R. Civ. P 54(d)(1) costs, other than Attorneys Fees, are hereby awarded to Horphag; such costs may be taxed on defendant on one day's notice to the Clerk of the Court; and

13. This Court shall retain jurisdiction of this matter to enforce compliance with this Judgment to the extent necessary; and

14. Plaintiff's having advised the Court that it intends to file an application with the Court, for a judgment for

attorneys fees pursuant to Fed. R. Civ P 54, this **JUDGMENT** may be amended in accordance thereof and to the extent necessary to allow and provide for same.

Dated: August 28, 2001
Riverside, California

[*Signature*]
Honorable Virginia A. Phillips
United States District Court Judge

Submitted by:

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Horphag Research Ltd, Plaintiff,
v
Larry Garcia dba Healthierlife.Com;
Mario Pellegrini dba Healthdiscovery.Com,
Defendants,

Larry Garcia dba Healthierlife.Com,
Counter-Claimant,
v
Horphag Research Ltd, Counter-Defendant.

Case No. EDCV 00-372-VAP (EEx)

ORDER GRANTING IN PART AND DENYING IN PART DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

Defendant Larry Garcia's Motion for Summary Judgment was taken under submission without oral argument on June 5, 2000. After reviewing and considering the materials filed by the parties in support of and in opposition to the Motion, the Court adopts the following order, ruling that Defendant's Motion is GRANTED IN PART and DENIED IN PART.

I. BACKGROUND

In 1969, a French pharmacist, Dr. Jack Masquelier, dis-

[1] Plaintiff's Motion for Preliminary Injunction was denied by the Hon. David O. Carter on October 13, 1999. The memorandum of points and authorities in support of Plaintiff's Motion more fully develop the factual background of this case than the papers filed by the parties in support of and in opposition to Defendant's Motion for Summary Judgment, which is now before the Court.

covered a water-soluble flavonoid derived from the bark of the French maritime pine tree, which has many valuable therapeutic properties. [Plaintiff's September 15, 1999 Motion for Preliminary Injunction ("Pl.'s MPI")[1] at 2.] With the aid of Charles Haimoff, a businessman experienced in manufacturing and selling pharmaceuticals, Dr. Masquelier brought the product to market under the name "Pycnogenol", in 1978 and 1979. [Pl's MPI at 3.] On March 30, 1989, a French trademark for Pycnogenol was granted to Masquelier's newly-formed company, Societe Civil pour l'Expansion de la Recherche en Phytochimie Appliquee ("SCERPA"). [Plaintiff's Opposition to Defendant's Motion for Summary Judgment ("Pl.'s Opp'n") at 5, October 13, 1999 Ord. of Hon David O. Carter.]

In 1987, Plaintiff Horphag Research, Inc. commenced selling bulk quantities of pine bark extract under the trademark "Pycnogenol" to pharmaceutical companies and distributors in the United States, which packaged the product as pills and sold them to the public. [Pl.'s Opp'n at 4; Pl.'s MPI at 3.] Plaintiff applied for registration of the trademark Pycnogenol in 1990, and in May 1993, the United States Patent and Trademark Office granted Plaintiff registration No. 1,769,633. [Pl.'s MPI at 3.] Plaintiff "assiduously controls" the quality of its Pycnogenol products, and has not authorized any other individual or entity to use its mark. [Pl.'s MPI at 4.]

Defendant Larry Garcia is an entrepreneur who has used the Worldwide Web site "healthierlife.com," and others, to advertise and sell various health aids, including Pycnogenol. Products sold on Defendant's web site contained the Pycnogenol pine bark extract, and Defendant used Plaintiff's Pycnogenol mark to market his wares. [Pl.'s Opp'n at 4.] Defendant has not distributed products manufactured by Plaintiff since February 1999, but, Plaintiff asserts, he now sells a product derived from grape pit seeds which competes with Plaintiff's pine bark based supple-

ment. [Compl. at 4; Pl.'s Opp'n at 5.]

II. PROCEDURAL HISTORY

On June 18, 1999, Plaintiff filed suit in this Court, stating claims under the Lanham Act for: (1) trademark infringement (15 U.S.C. § 1114); (2) false designation of origin and false descriptions (15 U.S.C. § 1125(a)); and (3) trademark dilution (15 U.S.C. § 1125(c)). Plaintiff also stated claims under California law for (4) trademark dilution (Cal. Bus. & Prof. Code § 14330 *et seq.*); and (5) unfair competition (Cal. Bus. & Prof. Code § 17200 *et seq.*).

Plaintiff moved for the entry of a preliminary injunction on September 14, 1999; the Court denied the motion on October 13, 1999. [October 13, 1999 Ord of Hon. David O. Carter.] The Ninth Circuit upheld this ruling on appeal. [*See* March 31, 2000 Memorandum Opinion of Ninth Circuit Court of Appeal.]

On May 1, 2000, Defendant, proceeding *pro se*, filed the Motion for Summary Judgment now before the Court, arguing chiefly that the findings of fact and conclusions of law embodied in Judge Carter's order denying Plaintiff's motion for a preliminary injunction demonstrate that Plaintiff's claims lack merit. [Defendant's Motion for Summary Judgment ("Def.'s Mot.") at 3, 11-18.] On May 22, 2000, Plaintiff filed Opposition, and on May 26, 2000, Defendant filed a Reply[.]

III. LEGAL STANDARD FOR SUMMARY JUDGMENT

A motion for summary judgment shall be granted when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56 (c) ; *Anderson v. Liberty Lobby. Inc.*, 477 U.S. 242, 247-48, 106 S Ct. 2505, 2509-10, 91 L. Ed. 2d 202 (1986). The moving party must show that "under the gov-

erning law, there can be but one reasonable conclusion as to the verdict." *Anderson*, 477 U.S. at 250, 106 S. Ct. at 2511.

Generally, the burden is on the moving party to demonstrate that it is entitled to summary judgment. *Margolis v. Ryan*, 140 F.3d 850, 852 (9th Cir. 1998); *Retail Clerks Union Local. 648 v. Hubb Pharmacy. Inc.,* 707 F.2d 1030, 1033 (9th Cir. 1983). In this case, Defendant bears the initial burden of identifying the elements of the claims and evidence he believes demonstrates the absence of an issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 2552-53, 91 L. Ed. 2d 265 (1986).

When a nonmoving party has the burden of proof at trial, as Plaintiff does here, it need not produce evidence negating or disproving every essential element of the opposing party's case. *Celotex*, 477 U.S. at 325, 106 S. Ct at 2554; *Anderson*, 477 U.S at 252, 106 S. Ct. at 2512. The moving party's burden is met by pointing out that there is an absence of evidence supporting the nonmoving party's case. *Celotex*, 477 U.S. at 325, 106 S. Ct. at 2554. The burden then shifts to the nonmoving party—here, Plaintiff—to show that there is a genuine issue of material fact that must be resolved at trial. Fed. R. Civ. P. 56(e); *Celotex Coro.*, 477 U.S. at 324, 106 S. Ct. at 2553; *Anderson*, 477 U.S. at 256; 106 S. Ct. at 2514. The nonmoving party must make an affirmative showing on all matters placed in issue by the motion as to which it has the burden of proof at trial. *Celotex Corp.*, 477 U.S. at 322, 106 S. Ct. at 2552; *Anderson*, 477 U.S. at 252, 106 S. Ct. at 2512; *see* William W Schwarzer, A. Wallace Tashima & James M. Wagstaffe, *Federal Civil Procedure Before Trial* § 14:144.

A genuine issue of material fact will exist "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson*, 477 U.S. at 248, 106 S. Ct. at 2510[.] In considering a motion for summary judgment, the court draws all justifiable inferences, "including

questions of credibility and of the weight to be accorded particular evidence," in the light most favorable to the nonmoving party. *Masson v. New Yorker Magazine,* 501 U S. 496, 520, 111 S. Ct. 2419, 2434, 115 L. Ed. 2d 447 (1991). To withstand Defendant's Motion, Plaintiff must "present evidence from which a jury might return a verdict in [its] favor. If [it does] do so, there is a genuine issue of fact that requires a trial." *Anderson*, 477 U.S. at 257, 106 S. Ct. at 2514[.]

IV. ANALYSIS

A. Adoption Of The Court's Previous Findings

Arguing that Plaintiff's entire action should be dismissed Defendant relies almost exclusively on Judge Carter's order denying Plaintiff's preliminary injunction motion. According to Defendant, the Court "found no evidence supporting Horphag's claims when the Honorable Judge Carter found Garcia's web pages do not violate any rights of the plaintiff." [Def.'s Mot. at 11.]

A party is not required to prove its case in full at the preliminary-injunction stage, and the findings of fact and conclusions of law made by a court at that juncture are not binding at a trial on the merits. The limited purpose of a preliminary injunction is to preserve the status quo and prevent irreparable injury, not to provide an evidentiary basis for granting summary judgment. *University of Texas v. Camenisch*, 451 U.S. 390, 394, 101 S. Ct. 1830, 1833, 68 L. Ed. 2d 175 (1981); *Natural Resources Defense Council v. Pena,* 147 F.2d 1012, 1022-23 (D.C. Cir. 1998) (citing *Camenisch*, 451 U.S. at 394, 101 S. Ct. at 1833); *Toho Co.. Ltd. v. William and Morrow Co.. Inc.*, 33 F. Supp. 2d 1206, 1218 (C.D. Cal. 1998). In deciding Defendant's Motion for Summary Judgment, the Court demurs from simply adopting the findings made at the preliminary injunction stage because of the possibly hurried consideration of a limited

record and the different legal standard governing that proceeding (i.e., a reasonable likelihood that the moving party will prevail on the merits, versus whether any issue of material fact remains after construing the facts in favor of the non-moving party). *See Communications Maintenance. Inc. v. Motorola, Inc.*, 761 F.2d 1202, 1205 (7th Cir. 1985).

B. Merits Of Defendant's Motion

1. Initial Interest Confusion and Fair Use

A triable issue of fact exists on Plaintiff's first claim for trademark infringement under the Lanham Act, stemming from initial interest confusion. Defendant relies on Judge Carter's order and the holding in Playboy Enterprises, Inc. v. Terri Welles, 7 F. Supp. 2d 1098 (S.D. Cal. 1998), in support of his argument that he made permissible "fair use" of Plaintiff's mark on his web pages under 15 U S.C. §§ 1115(b)(4) and 1125(c)(4). Defendant insists his web page merely quotes from literature which itself refers to Pycnogenol, and that the web page uses the term Pycnogenol as a "meta-tag" [2] in order to index the factual content of the web page. [Def.'s Mot. at 13.] Plaintiff retorts that its potential Pycnogenol customers are unwittingly routed by Defendant's meta-tag "to any database whose HTML code is similar to Pycnogenol. As a result, a sizeable number of consumers who were originally looking for Horphag's Pycnogenol will be diverted to Garcia's website." [Pl.'s Opp'n at 9, 16-20.)

Initial interest confusion "permits a finding of a likeli-

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[2]Meta-tags are strings of the Hyper Text Markup programming Language ("HTML") which are invisible to persons searching the Worldwide web, but are used as indices by search engines (e.g , Lycos, Yahoo, LookSmart) to determine which web sites correspond to the search terms provided by the user. [*See* Pl's Opp'n at 9.] Thus, if the term "cat" is entered as a search parameter, a search engine will select in favor of sites identified with the meta-tag "cat.".

hood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion." *Interstellar Starship Services. Ltd. v. Epix.. Inc.*, 184 F.3d 1107, 1109 (9th Cir. 1999) (citing *Brookfield Communications. Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1061-64 (9th Cir. 1999). *Brookfield* recognized that initial interest confusion could arise, and Lanham Act liability attach, where meta-tags directing Internet users to defendant West Coast Video's web site included terms that were confusingly similar to the plaintiff's trademarks, "moviebuff.com." and "MovieBuff." "[B]y using 'moviebuff.com' or 'MovieBuff' to divert people looking for 'MovieBuff' to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark." *Brookfield*, 174 F.3d at 1062. The Ninth Circuit compared such confusion to the devious use of roadside billboards, where competitor "A" posts a sign advertising his store to be "2 miles ahead at exit 7," knowing that the store located at exit 7 actually belongs to competitor "B." Despite having been unwittingly diverted, the hoodwinked customer, might patronize competitor "B" because she "may not find it worth the trouble to continue searching" for the store owned by competitor "A." *Brookfield*, 174 F 3d at 1064.

The fair use doctrine, if applicable, would have permitted West Coast's use of purely descriptive terms in its meta-tags for purposes of identifying its competitor's goods. *Brookfield*, 174 F.3d at 1065 (citing *New Kids on the Block v. News America Publications. Inc.*, 971 F.2d 302, 206-09 (9th Cir. 1992)). The court found "MovieBuff" was not such a term because it is not an English word appearing in the

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[3] "Banner" advertisements are animated advertisements that appear unsolicited on Worldwide Web pages, and which are designed to entice the user to "click" on the advertisement and be transported to the web site of the advertiser. In *Playboy*, Netscape and Excite programmed their search engines to link preselected banner ads to connected "key" terms. *See Playboy Enterprises*, 55 F. Supp. 2d at 1072.

dictionary; "[e]ven though it differs from [the permissible descriptive term] 'Movie Buff' by only a single space, the difference is pivotal." *Brookfield*, 174 F.3d at 1066. Since West Coast used Brookfield's trademark not in reference to Brookfield's products, but instead as a meta-tag to shepherd users to its web site, the court entered a preliminary injunction against West Coast. *Brookfield*, 174 F.3d at 1066. *See also Playboy Enterprises. Inc. v. AsiaFocus. Int'l. Inc.*, 1998 WL 724000 at *3, *6-*7 (E.D. Va.) (trial court granted judgment for Playboy in trademark infringement action where AsiaFocus used federally registered "Playboy" and "Playmate" marks in its HTML code, misleading the site's visitors into believing it was affiliated with Playboy).

Playboy Enterprises. Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070 (C.D. Cal. 1999), distinguished *Brookfield* and held that no initial interest confusion stemmed from defendants Netscape and Excite keying Internet "banner ads"[3] to a collection of over 450 terms related to adult entertainment, including "playboy" and "playmate." The defendants insisted keying banner ads to specific terms did not constitute use of such terms as trademarks. *Playboy Enterprises*, 55 F. Supp. 2d at 1073. The court agreed, noting that the mere use of the English words "playboy" and "playmate" "cannot suggest sponsorship or endorsement of either the web sites that appear as search results (as in *Brookfield*) or the banner ads that adorn the search results page." *Playboy Enterprises,* 55 F. Supp. 2d at 1074.

The billboard analogy devised in *Brookfield* did not apply to the facts in *Playboy Enterprises*, rather, the scenario in *Playboy Enterprises* was more akin to a driver who is lured into leaving the highway by a sign advertising fast food burgers, only to arrive at the restaurant and observe another sign promising "better" burgers one block away. The driver, "previously enticed by the prospect of a burger from a well-known restaurant, now decides she wants to

explore other burger options." *Playboy Enterprises*, 55 F. Supp 2d at 1075

The court denied Playboy's motion for a preliminary injunction, holding that Netscape and Excite used the terms "playboy" and "playmate" as words in the English language rather than as trademarks, and did not use any stylized letters or logo, or otherwise suggest sponsorship or endorsement; this constituted fair use. *Playboy Enterprises*, 55 F. Supp. 2d at 1087.

The facts before this Court more closely resemble *Brookfield* than *Playboy Enterprises*. The meta-tag on Defendant's web-side leads Internet users searching for Plaintiff's "Pycnogenol" product to Defendant's web site, where he sells the competing "Masquelier's" product. [*See* Def.'s Mot. at 13.] Defendant is not employing Internet pop-up ads which provide a user with unsolicited information through a web site they have already chosen; rather, Defendant acts as a "free rider" on Internet users' interest in Plaintiff's product. When they employ the search term "Pycnogenol," his web page, which, as he stresses, sells a different product, appears on the list of sites matching the user's search. This may divert some users from using Plaintiff's product.

Although Defendant's use of the Pycnogenol mark may be fair insofar as he uses it to describe Plaintiff's product for purposes of comparison, [*see* Def.'s Mot. at 13 (referencing "quotations from literature which use the descriptive term "Pycnogenol")], this fair use extends only to the content of Defendant's web site. The Lanham Act surely does not prevent one party from using a competitor's mark to identify the competitor's goods or services. *Brookfield Communications,* 174 F.3d at 1065. It is not fair use, however, to employ the term "Pycnogenol," which is clearly not an English word found in the dictionary, but a registered trademark, to route Internet users searching for Plaintiff's

product to Defendant's web site. *Brookfield*, 174 F.3D at 1066; *Playboy Enterprises*, 55 F. Supp. 2d at 1074.

Playboy Enterprises, Inc. v. Terri Welles is distinguishable. There, the court declined to enter an injunction preventing a former Playboy Playmate of the Year from using the words "Playboy" and "Playmate" to identify herself on her personal web site. The web site touted Ms. Welles as a former Playmate of the Year, but contained numerous disclaimers that the site was not endorsed by Playboy. Ms. Welles used the disputed terms in her site's meta-tags merely to describe herself and index her site, and since 1997 had been in contact with Playboy's "Rights and Permission" department regarding what would constitute permissible use of various terms and logos. *Welles*, 7 F. Supp 2d at 1101. The court found that, much like Academy Award winners, crowned Miss Americas and Heisman Trophy winners, Playboy Playmates traditionally used their title to describe themselves in public life. The moniker "becomes part of their identity and adds value to their name. Indisputably, these winners represent the awarding organization or sponsor, but the title becomes part of who they are to the public." *Welles*, 7 F. Supp. 2d at 1102[.] Here, however, Defendant uses Plaintiff's mark, which Defendant's own web page acknowledges is the subject of ongoing litigation, as a tool to redirect consumers interested in Plaintiff's product to a web page advertising Defendant's competing product.

At minimum, this raises a genuine issue of material fact regarding whether Defendant's actions constitute fair use of the term "Pycnogenol." A reasonable jury could find in Plaintiff's favor on this claim, and, accordingly, summary judgment in Defendant's favor is not appropriate.

2. Unfair Competition

No genuine issue of material fact exists as to Plaintiff's unfair competition claim under 15 U.S.C. § 1125(a), either under a false designation of origin or false advertising

theory.

a. False Designations of Origin

The relevant analysis for an infringement action under 15 U.S.C. § 1114 and for an unfair competition action under 15 U.S.C. § 1125—for which likelihood of confusion is the central element—is functionally the same. *GoTo.com v. The Walt Disney Co.*, 202 F.3d 1199, 1205 n.3 (9th Cir. 2000); *Brookfield Communications*, 174 F.3d at 1046 n.8. The likelihood of confusion analysis applies equally to Plaintiff's federal claim and his state unfair competition claim under California Business and Professions Code §§ 17200 *et seq.* *See Murray v. Cable National Broadcasting Company*, 86 F.3d 858, 860 (9th Cir. 1996).

Analysis of the following factors determines the likelihood of confusion: (1) strength of the mark; (2) relatedness or proximity of the two companies' products or services; (3) similarity of the marks; (4) marketing channels used; (5) degree of care likely to be exercised by purchasers in selecting goods; (6) Plaintiff's intent in selecting its mark; (7) evidence of actual confusion; and (8) likelihood of expansion in product lines. *GoTo.com*, 202 F.3d at 1205; *Brookfield Communications*, 174 F.3d at 1053 (citing *Dr. Seuss Enterprises v Penquin Books USA. Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997)); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). This list is "pliant," and not exhaustive; some factors may weigh more heavily in certain contexts than others. *Brookfield*, 174 F.3d at 1053 (citing *Dreamwerks Production Group. Inc. v, SKG Studio*, 142 F.3d 1127, 1130-32 (9th Cir. 1998). "Where the two marks are entirely dissimilar, there is no likelihood of confusion." *Brookfield*, 174 F.3d at 1054.

Defendant relies on the language in Judge Carter's order that Defendant does not attempt to falsely associate or advertise a connection between his goods and Plaintiff's goods, because healthierlife.com contains no misleading

representations of fact regarding either party's products. [Def.'s Mot. at 14-15.] Plaintiff accuses Defendant of falsely describing Pycnogenol as synonymous with the products sold on Defendant's web site, and that the site is "rife with" misrepresentations regarding the quality of Plaintiff's products." [Pl.'s Opp'n at 12, 13.]

Under the *Sleekcraft* factors: Plaintiff's mark is strong; both parties' products are similar in their use and function; the marks "Pycnogenol" and "Masquelier's" are different in sight, sound and meaning, there is no evidence of actual consumer confusion; although consumers may exercise care in buying health supplies and dietary supplements, this does not rule out the possibility of confusion; Defendant's intent in selecting his mark appears to have been specifically to differentiate his product from Plaintiff's product; and, there is no evidence of possible expansion of product lines[.] Balancing the factors, and heeding *Brookfield's* admonition that there is no likelihood of confusion when two marks are "entirely dissimilar," *Brookfield*, 174 F.3d at 1054, there is no likelihood of confusion between the marks.

The content of the healthierlife.com site also reflects that Defendant does not endeavor to create confusion about the origin of the competing products. It includes a large hypertext link stating "Do you know that Pycnogenol in the U.S. is not the same as the Pycnogenol in France? Click here for details." [*See* Healthierlife.com (visited July 11, 2000) <http: //www.healthierlife.com>.] This link connects the user to a thorough discussion entitled "Who owns the rights to the trade name: PYCNOGENOL." [*See* Healthierlife.com (visited July 11, 2000) <http: // www.healthierlife.com>.] The site contains tips for distinguishing between Plaintiff's and Defendant's products, and explicitly directs consumers to "look for the Masquelier's Name and Patent." [*See* Healthierlife.com (visited July 11, 2000) <http:l //www.healthierlife.com>.]

In light of the *Sleekcraft* factors, the patent dissimilarity between the Plaintiff's "Pycnogenol" mark and Defendant's "Masquelier's" mark, and Defendant's obvious efforts on his web page to distinguish between the marks and alert consumers to ongoing trademark litigation, there is no likelihood of confusion between the marks.

b. False Advertising

Title 15 U.S.C. § 1125(a) also protects against a wide range of unfair practices such as false advertising and product disparagement. 15 U.S.C. § 1125(a)(1)(B); *Brookfield*, 174 F.3d at 1047 n.8 (citing *Kendall-Jackson Winery. Ltd. v. E. & J. Gallo Winery,* 150 F.3d 1042, 1046 (9th Cir. 1998); *Two Pesos. Inc. v. Taco Cabana*, 505 U.S. 763, 768, 112 S. Ct. 2753, 2757, 120 L. Ed. 2d 615 (1992)). The Lanham Act prohibits any false or misleading description or representation of fact in two circumstances: (1) when it is likely to cause confusion as to "the origin, sponsorship or approval of his or her goods, services, or commercial activities by another person;" or (2) in "commercial advertising or promotion." 15 U.S.C. § 1125 (a) (1)(A), (B); *Ashlar v. Structural Dynamics Research Corp.*, 36 U.S.P.Q. 2d 1402, 1408 (N.D. Cal. 1995). To succeed on the merits of a claim under Section 43(a) of the Lanham Act, Plaintiff must show that: (1) Defendant has made false representations about its own or Plaintiff's product; (2) these representations deceive or are likely to deceive a substantial segment of the intended audience; and (3) the representations are material and they have caused injury or are likely to do so. *Ashlar*, 36 U.S.P.Q. 2d at 1408 (citing *Valu Engineering. Inc. v. Nolu Plastics Inc.*, 732 F. Supp. 1024, 1026 (N.D. Cal. 1990); *Brandt Consolidated. Inc. v. Agrimar Corp.,* 801 F Supp. 164, 174 (C.D. Ill. 1992)).

Plaintiff contends the web site represents that Defendant's product is the only product to undergo extensive clinical testing, but that Plaintiff's supplement "has been

at least as thoroughly studied, tested and proven . . . ." (Pl.'s Opp'n at 12.] The web site states that "Masquelier's Original OPC invention has a well documented proven record of 50 years scientific research," and that "Masquelier's is the only product that comes with a well documented proven record of 50 years of scientific research." [Declaration of Michael A. Adler ("Adler Decl.") at 212, 218 (healthierlife.com web site)] While Plaintiff's product may have been tested as thoroughly as Defendant's product, Defendant's web page merely states it is the only product supported by 50 years of research. The web page nowhere suggests that the research and testing supporting the effectiveness of Plaintiff's product is inferior, or that only the research conducted on Defendant's product is reliable. The web page contains some advertising hyperbole, but does not misrepresent the characteristics of either product.

Plaintiff contends Defendant represents that "Masquelier's Original OPC" is identical or equivalent to Pycnogenol, and that "OPC is but another name for Pycnogenol." [Pl.'s Opp'n at 12] Information displayed on Defendant's web site does not support these assertions. The web page contains a banner stating "Don't rely on 'OPC's' Look for Masquelier's Name and Patent." [Adler Decl. at 225(healthierlife.com web page).] It states that OPC "is a term that covers many different and complex molecules," explicitly contrasting Defendant's product from other OPC's [Adler Decl. at 225 (healthierlife.com web page)]. The web page also includes a banner asking "Is Pycnogenol the same as Masquelier's OPC's?" The answer reads "Depending on the country you are in. However, they are NOT the same in the United States. In the United States Dr. Masquelier has lost control over the name he unquestionably originated. . . . Only the pine bark based extract sold by Horphag is marketed as 'Pycnogenol' in the United States." [Adler Decl. at 229, 230 (healthierlife.com web page).] Despite Defendant's editorializing, this dispels the perception that he sought to portray his products as equivalent or identical to Plaintiff's

products.

According to Plaintiff, Defendant wrongfully suggests that "Horphag's changing from Masquelier's original extraction company adversely affected the quality of Horphag's Pycnogenol supplement." [Pl.'s Opp'n at 12.] Defendant's web site states that research performed on the Masquelier's product in the last 50 years "has only improved," but "Horphag has changed from Masquelier's original extraction company." [Adler Decl. at 218 (healthierlife.com web site.)] This comparison simply dissociates Plaintiff's product from Masquelier's, and does not insinuate that switching extraction companies diminished the quality of Plaintiff's product.

Plaintiff also contends Defendant falsely represents that he has thoroughly researched the legal issues surrounding the use of the Pycnogenol mark. [Pl.'s Opp'n at 13.] Although Defendant makes such a claim on his web page, [Adler Dec. at 272-76, Ex. 27 (healthierlife.com web page)], he neither claims to be an attorney or that an attorney endorsed or assisted in the research supporting the legal conclusions set forth on the web page.

c. Preliminary Conclusion as to Unfair Competition Claims

Plaintiff cannot prevail on its federal unfair competition claim. Since the same analysis applies to Plaintiff's state claims, it also cannot prevail under its unfair competition claim under California law. *See, Murray,* 86 F 3d at 860.

Likewise, the contents of Defendant's web page do not give rise to a claim for false advertising, and Plaintiff cannot prevail on its unfair competition claim under this theory. Thus, Defendant is entitled to judgment as a matter of law on Plaintiff's unfair competition claim, and summary judgment in Defendant's favor is appropriate.

4. [*sic*] Dilution

A triable fact issue also persists as to Plaintiff's dilution claim, precluding summary judgment. Dilution is "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception." 15 U.S.C. § 1127. Traditionally, dilution has been found where the defendant's conduct either tarnishes or blurs the mark, but dilution is not limited to tarnishment and blurring. *Panavision Int'l L.P. v. Toeppen,* 141 F.3d 1316, 1326 (9th Cir. 1998). Plaintiff's California state law dilution claim under Business and Professions Code § 14330 *et seq.* "is subject to same analysis" as his federal trademark dilution claim." *Panavision Int'l,* 141 F.3d at 1326

In order to prove a violation of the Federal Trademark Dilution Act, Plaintiff must show that: (1) the mark is famous; (2) the defendant is making a commercial use of the mark, (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services. 15 U.S.C. § 1127; *Panavision Int'l*, 141 F.3d at 1326

The crux of Defendant's argument is that Plaintiff cannot meet the fourth element because Defendant goes to great lengths to highlight the differences between his product and Plaintiff's product. [Def.'s Mot. at 16.] Plaintiff asserts that the declaration of Victor Ferrari sets forth eighteen instances of improper, diluting uses of the Pycnogenol mark. [Pl.'s Opp'n at 13, Adler Decl. at 98-101, Ex. 14 (Declaration of Victor Ferrari)]

The instances consist of product claims regarding the benefits and effects of Pycnogenol. The term Pycnogenol indicates the name of the substance developed by Dr. Mas-

quelier as it was used before the legal controversy regarding the use of the Pycnogenol mark arose, and, in some cases, before a United States trademark protected the term. Defendant's numerous disclaimers attempt to make clear that Plaintiff's Pycnogenol product is not the same as that advertised and sold at healthierlife.com as Masquelier's. Despite these repeated admonitions, however, the excerpted claims found on Defendant's web site associate the term "Pycnogenol" —Plaintiff's trademark—with Defendant's pine bark derived health aid. While it is not certain that Plaintiff could prevail on its state and federal dilution claims attacking such uses, a triable issue of fact exists regarding whether such ubiquitous use of Plaintiff's Pycnogenol trademark to describe a product other than Plaintiff's dilutes the ability of the mark to distinguish Plaintiff's goods from those of Defendant. Accordingly, Defendant is not entitled to judgment as a matter of law on this claim, and summary judgment is not warranted.

IV. CONCLUSION AND ORDER

Plaintiff has failed to raise a genuine issue of material fact to be resolved at trial as to its unfair competition claim. Accordingly, Defendant is entitled to judgment as a matter of law, and Defendant's Motion for Summary Judgment is GRANTED IN PART as to Plaintiff's state and federal unfair competition claims.

Triable issues of fact persist as to: (1) whether Defendant's use of the "Pycnogenol" meta-tag engenders initial interest confusion amongst potential customers of Plaintiff's product by directing them to Defendant's web site; and (2) whether, despite repeated disclaimers, Defendant's repeated use of the term "Pycnogenol" dilutes the ability of Plaintiff's "Pycnogenol" mark to distinguish its product from those of its competitors. Defendant has not shown he is entitled to Judgment as a matter of law on Plaintiff's trademark infringement claim, and its state and federal di-

lution claims. Defendant's Motion for Sunuuary Judgment is therefore DENIED IN PART as to those claims.

IT IS SO ORDERED.
Dated. July 24, 2000

[*Signature*]
VIRGINIA A. PHILLIPS
United States District Judge

NOT FOR PUBLICATION
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 99-56877
D.C. No. CV-99-816-DOC

HORPHAG RESEARCH LTD, Plaintiff-Appellant,
v.
LARRY GARCIA, dba Healthierlife.Com,
Defendant - Appellee, and
MARIO PELLEGRINI, dba Healthdiscovery.Com,
Defendant,

INTERNATIONAL NUTRITION COMPANY, Amicus.

MEMORANDUM[1]

Appeal from the United States District Court
for the Central District of California
David O. Carter, District Judge, Presiding

Submitted March 20, 2000[2]

Before: FARRIS, CANBY, and W. FLETCHER,
Circuit Judges.

This preliminary injunction appeal comes to us for review under Ninth Circuit Rule 3-3. We have jurisdiction under 28 U.S.C. S 1292(a)(1), and we affirm.

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[1] This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as may be provided by 9th Cir. R. 36-3.

[2] The panel unanimously finds this case suitable for decision without oral argument. See Fed. R. App. P. 34(a)(2).

Our inquiry is limited to whether the district court abused its discretion in denying the preliminary injunction or based its decision on an erroneous legal standard or on clearly erroneous findings of fact. *See Does 1-5 v. Chandler*, 83 F.3d 1150, 1152 (9th Cir. 1996).

The record before us shows that the district court did not rely upon an erroneous legal premise or abuse its discretion in concluding that Horphag Research, Ltd. failed to establish probable success on the merits and the possibility of irreparable injury sufficient to warrant preliminary injunctive relief. *See id.; see also Sports Form, Inc. v. United Press Int'l, Inc.*, 686 F.2d 750, 753 (9th Cir. 1982) (discussing legal standards governing issuance of preliminary injunction.)

Accordingly, the district court's denial of a preliminary injunction is **AFFIRMED**.[3]

[3] The motion of International Nutrition Company for leave to file an amicus curiae brief is granted.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. SACV 99-816 DOC (EEx)
Date: October 13, 1999

Title: Horphag Research Ltd. v. Larry Garcia

* * *

Present
The Honorable David O. Carter, Judge

Susan R. Sedei	Not Present
Courtroom Clerk	Court Reporter

Attorneys Present for Plaintiffs: None Present
Attorneys Present for Defendants: None Present

PROCEEDING- (IN CHAMBERS)
ORDER DENYING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

The Court finds this matter appropriate for decision without oral argument. See Fed. R. Civ P. 78, Local Rule 7.11. The hearing, previously set for October 18, 1999, is removed from the Court's calendar.

In 1969, Dr. Jack Masquelier, a French professor of pharmacology and a pharmacist, discovered a water soluble flavonoid made from the bark of the French maritime pane tree. In 1971, Dr Masquelier's company hired Plaintiff as a sales agent to commercialize Defendant's pharmaceutical product In 1979, Dr Masquelier coined the trademark PYCNOGENOL for its French pine-bark extract. On March 30,1989, a French trademark for PYCNOGENOL (trademark No. 1522228) was granted to Dr. Masquelier's newly formed company (Societe Civile pour l'Expansion de la Recherche en Phytochimie Appliquee). Defendant con-

tends that its product has been tested for over fifty years.

Since 1987, Plaintiff has been selling a similar product under the PYCNOGENOL name. On May 11, 1993, Plaintiff was granted a trademark for PYCNOGENOL (trademark No. 1,769,633) in the United States. Plaintiff has not authorized Defendant to use its trademark. As a result of Plaintiff's trademark registration in the United States, and this litigation, Defendant is using the MASQUELIER trademark in the United States. In fact, on its webpage, found at "www.healthierlife.com," Defendant explicitly warns:

> WARNING. There is much confusion in the U S. marketplace because of the trademark litigation. Dr Jack Masquelier named his invention "PYCNOGENOL," but Dr. Masquelier cannot use his trade name in the United States. The patent inventor's name, MASQUELIER®, must be on the bottle for the authentic MASQUELIER's® ORIGINAL OPCs.[1] For best results, compare brands and you will FEEL the difference!

See Healthierlife.corn (visited Oct. 11, 1999) <http //www healthierlife com.> (hereinafter "The Warning")

Plaintiff now contends that Defendant has caused irreparable harm to Plaintiff by (1) unauthorized uses of Plaintiff's trademark; (2) false representations relating and referring to Plaintiff's trademark; and (3) improper and unauthorized uses of Plaintiff's trademark that have diluted Plaintiff's famous trademark. To obtain a preliminary injunction, the Plaintiff has the burden of proving either. "(1) a combination of probable success on the merits and the possibility of irreparable injury if relief is

[1] Plaintiff and Defendant's products are not the same. The product identified by the MASQUELIER trademark is a grape pit extract and the product identified by Plaintiffs United States PYCNOGENOL trademark is a pine bark extract.

not granted; or (2) the existence of serious questions going to the merits and that the balance of hardships tips in its favor." *Dogloo, Inc. v. Doskocil Manufacturing Co., Inc,* 893 F.Supp. 911, 916 (1995) (quoting *International Jensen v. Metrosound USA,* 4 F.3d 819 (9t` Cir 1993)); *see also Dr Seuss Enterprises, L P. v. Penguin Books USA, Inc.,* 924 F Supp 1559, 1562 (1996)

In order to demonstrate probable success on the merits of its trademark infringement claim, Plaintiff must show that there is a likelihood of consumer confusion as a result of Defendant's unauthorized use of Plaintiffs trademark. *See Dr. Seuss*, 924 F.Supp. at 1570. The Ninth Circuit has developed an eight factor test to assess the likelihood of confusion "(1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines "*AMF Inc. v Sleekcraft Boats,* 599 F.2d 341, 348-49 (9th Cir. 1979)

Plaintiff essentially contends that Defendant uses Plaintiffs trademark at his web site, without attribution, to trade off of Plaintiffs good will and to pass off his goods as those of Plaintiff. First, Plaintiff's trademark is strong, even though it has only been registered for six years. Second, Plaintiff and Defendant's product are extremely close in use and function. Both parties are selling food supplements with therapeutic benefits. Yet, Plaintiff itself argues that the products are different because Plaintiffs product is from a pine bark extract and Defendant's product is from a grape pit extract. Third, the marks are not similar in sight, sound or meaning. It is not as if Defendant chose as his trademark PYCNGIN, for example. Fourth, Plaintiff concedes there is no evidence of actual confusion, even though Defendant admits that there has been confusion in the literature on these products. Fifth, the marketing channels

do converge, as both parties sell their competing products over the internet. Sixth, although the average purchaser may take more care when purchasing dietary supplements, this does not guarantee that confusion is unlikely Plaintiff simply argues that this factor is irrelevant and the Court agrees. Seventh, Defendant's intent is very informative. Defendant specifically chose a very different name for its United States trademark. Still, it chose a name that could be associated with its product, which originated in France by Dr. Masquelier. Indeed, in the warning on its web page, Defendant explicitly intends to eliminate any potential confusion between Plaintiffs and Defendant's products See The Warning. Finally, there is no evidence that either party intends to expand its product line and thus the Court agrees with Plaintiff that this factor is irrelevant

"Where the two marks are entirely dissimilar, there is no likelihood of confusion " *Brookfield Communications, Inc v West Coast Entertainment Corp.,* 174 F.3d 1036, 1054 (9`h Cir. 1999) Here, Plaintiff and Defendant's United States trademarks are dissimilar and this Court finds, based on the factors listed above, there is no likelihood of confusion. Although Defendant uses the word PYCNOGENOL, without attribution, Defendant does so in order to explain the origin of the word [2] as well as the research conducted on it. In fact, on its web page, Defendant explicitly states that Plaintiff is the registered trademark owner of PYCNOGENOL in the United States. Defendant is not trying to trade of Plaintiff's good will; Defendant is simply trying to distinguish the products and educate the consumers on 50 years of research on PYCNOGENOL.

Moreover, Plaintiff contends that it is entitled to a pre-

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[2] On its web page, Defendant states: "Professor Dr. Masquelier named the OPC mixture 'PYCNOGENOL' from the Greek 'PYCNO' meaning to `thicken or condense,' 'GEN' meaning `to generate' and 'OL' from their chemical name." *Healthierlife.com* (visited Oct 11, 1999) <http://www healthierlife.com.>.

liminary injunction against Defendant's use of its mark because Defendant has falsely represented the origin, association and endorsement of the goods as well as falsely advertised his goods. In Victor Ferrari's Declaration, Plaintiff points to several statements on Defendant's web page that falsely suggest an association between Plaintiff and Defendant. However, Plaintiff is simply misinterpreting Defendant's statements Moreover, Defendant explicitly states on its web page:

> Do you know why the Pycnogenol® in the U.S. is not the same as the Pycnogenol® in France? Masquelier's FRENCH Pycnogenol® and Horphag's U.S. Pycnogenol® are NOT the same. Horphag's U.S. Pycnogenol® "borrows" the 50 years of research for Masquelier's authentic FRENCH Pycnogenol®.

See Healthierlife.com (visited Oct 11, 1999) <http: //www.healthierlife.com > (emphasis in original). Although Defendant's statements allows a consumer to infer that Plaintiff's product is not backed by extensive research,[3] Defendant is not attempting to falsely associate with or falsely advertise its goods. In fact, the opposite is true, Defendant is using its web page as an educational forum to distinguish its product from Plaintiff's.

To prove false advertising, Plaintiff must show, as set forth under the Lanham Act, 15 U S.C § 1125(a), that Defendant used false or misleading representations of fact regarding its own product or another person's product. *See Valu Engineering, Inc. v Nolu Plastics, Inc.*, 732 F Supp. 1024, 1025 (1990) Defendant's statements of fact are not false or misleading. Furthermore, Plaintiff has not shown

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[3] Indeed, Plaintiff's product is not supported by as many years of research as Defendant's product is. Plaintiff simply argues in its motion that its product "has been at least as thoroughly studied, tested and proven in clinical trials as has [Defendant's product]." However, Defendant does not state that Plaintiff's product has not been thoroughly studied or tested.

that Defendant's statements caused injury, or are likely to cause injury. *See id* at 1026. In the Declaration of Charles Haimoff, Plaintiff explicitly states that it "has enjoyed and currently enjoys great success in the United States. There have been extensive sales since 1987 and literally millions upon millions of tablets and capsules have been sold in the United States." The Court finds that Plaintiff has not suffered irreparable harm as a result of Defendant's statements on its web page.

Finally, Plaintiff claims it is entitled to a preliminary injunction because Defendant has diluted the distinctive quality of its famous mark. Plaintiff relies on the Lanham Act, 15 U.S.C. § 1125(c), when arguing that Defendant willfully intends to trade on Plaintiffs reputation and cause dilution of its famous mark As discussed above, however, Defendant is merely trying to distinguish its product from Plaintiffs by explicit statements contrasting the two marks as well as quotations from research materials discussing the origins of pycnogenol.[4] Plaintiff fails to refer to 15 U.S.C. § 1125(c)(4), which states that one's use of a famous mark is fair when it is for comparative commercial advertising or is a form of news commentary[.] The Court finds that Defendant's use of Plaintiff's trademark is fair. Defendant's fair use is for comparative commercial advertising, as it either distinguishes the two products or quotes from news commentary[.]

For the foregoing reasons, the Court finds that the balance of hardships does not tip in Plaintiff s favor and hereby DENIES Plaintiff's Motion for Preliminary Injunction.

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[4] Plaintiff suggests that Defendant consistently uses its trademark without attribution However, Defendant's web page quotes from research materials that use the word pycnogenol without attribution because they discuss the original term coined by Dr Masquelier or they refer to the French trademark, both of which have existed for much longer than the United States trademark. Clearly, research that dates back to the late 1970s, or early 1980s must be referring to the French product because the United States product was not yet in existence.

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

Nos. 01-56733
02-55142

HORPHAG RESEARCH LTD,
Plaintiff-counterdefendant-Appellee,
v.
MARIO PELLEGRINI, dba Healthdiscovery.Com,
Defendant,
and
LARRY GARCIA, dba Healthierlife.Com,
Defendant-counterclaimant-Appellant.

ORDER

Before: Pregerson and Thomas, Circuit Judges,
and Oberdorfer,[1] Senior District Judge.

Appellant Garcia's Petition for Panel Rehearing is denied.

[1] The Hon. Louis F. Oberdorfer, Senior Judge, United States District Court for the District of Columbia, sitting by designation.

Lanham Act
15 U.S.C. § 1114(1)(a)

Sec. 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant -

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

* * *

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Lanham Act
15 U.S.C. § 1025(a)(1)(A) and (B)

Sec. 1125. False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001

William K. Suter
Clerk of the Court
(202) 179-3011

October 16, 2003

Mr. Jonathan Bender
1250 24th Street, N.W. Suite 350
Washington, DC 20037

Re: Larry Garcia
v. Horphag Research Ltd.
Application No. 03A323

Dear Mr. Bender:

The application for an extension of time within which to file a petition for a writ of certiorari in the above-entitled case has been presented to Justice O'Connor, who on October 16, 2003 extended the time to and including November 20, 2003.

This letter has been sent to those designated on the attached notification list.

Sincerely,

William K. Suter, Clerk

by [*Signature*]

Clayton Higgins
Case Analyst

Paid Search Leads Online Adv. Growth

Thursday July 31, 2003
iMEDIA CONNECTION.COM
Reported by Dawn Anfuso

Explosive growth in paid search, increasing almost 50% to $1.6 billion in 2003, will power a modest recovery in online advertising, according to the latest findings from Jupiter Research, a division of Jupitermedia Corporation, presented earlier this week at the Jupiter/ClickZ Advertising Forum in New York City.

Jupiter Research released the industry's first independent paid-search projections as part of its online advertising forecast that shows online display ad sales continuing to shrink 6%, to just over $3 billion. Overall, online advertising will grow 10% this year, to $6.3 billion.

"At the risk of stating the obvious, search is hot," said Jupiter Research analyst Gary Stein. "Just as important: paid search's impact reaches way beyond its dollar volume. The players, the tactics and the technologies of search are the focal point of critical digital marketing trends like dynamic pricing and contextual advertising."

While 2003 is the year of paid search, other online advertising sectors will pick up shortly. "Online display ad sales will turn around beginning in 2004," said Jupiter Research VP and Research Director David Card. "Better inventory control by publishers and a broadband kicker will push online display advertising sales up over 15% next year, and over 20% in 2005 and 2006."

Jupiter Research forecasts that online advertising, including paid search, display ads and classifieds, will grow to $14.8 billion in 2008, when online advertising will be 6% of the size of total U.S. ad spending.

Respectfully submitted,

Jonathan Bender
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Larry Garcia